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Canada. Coasting Trade, Royal Commission on



UNIVERSITY OF TORONTO

SUBMISSIONS
TO THE
ROYAL COMMISSION
ON COASTING TRADE

—1955—

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MEMOIRES SOUMIS
A LA
COMMISSION ROYALE
SUR LE CABOTAGE

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B.81 CANADIAN VICKERS LIMITED.

TO:

THE CHAIRMAN AND COMMISSIONERS
OF
THE ROYAL COMMISSION ON COASTING TRADE:-

Introduction

1. Canadian Vickers Limited, a publicly owned Company, was incorporated in the year 1911 under Letters Patent of the Dominion of Canada, with Head Office at the City of Montreal, as a subsidiary of the British firm of Vickers Limited, to engage amongst other activities in the ship building and ship repairing business. In 1927, Vickers Limited sold its share holdings to a group of Canadians and in the same year the Company started its engineering business.

2. Today, the Company, including its subsidiaries, is one of the largest shipbuilding firms and one of the largest engineering enterprises in Canada. It is owned by approximately twenty two hundred and fifty shareholders, of whom some 87% are in Canada.

3. It may be of interest to note, that since its incorporation, the Company has built 229 ships and vessels, having a total aggregate of 438,048 tons. Of this total number of ships, 108 were naval vessels built for the Royal Navy, the Royal Canadian Navy or the United States Navy.

4. At its shipyard in east Montreal, the Company maintains the following shipbuilding facilities:-

(a) Four berths each 500 feet long, a fifth berth 400 feet long, together with a fabricating shed, all enclosed against the weather (the only berths of such size in Canada so enclosed), which cover an area of 300,000 square feet.

(b) A fitting out basin for completion of ships after launching.

(c) A floating dry dock for the repair of ships, which has a lifting capacity of 25,000 tons. This dry dock was the largest floating dock in Canada until, during World War II, another of equal capacity was located on the East coast. It is the only Canadian floating dry dock of this capacity available in the St. Lawrence-Great Lakes Basin between Halifax and the head of Lake Superior.

(d) An extensive ship repair department, situated along the south side of the fitting out basin, operated in conjunction with the floating dry dock.

(e) Adjoining the shipbuilding berths are copper, sheet metal, pipe and joiner shops and extended along the north side of the basin, electrical and engineering shops, the latter housing one of the most completely equipped machine shops in Canada.

(f) A Naval Architects' office and Marine Engineering and Drawing Office complete with all equipment and technical staff necessary for the preparation of basic designs and detailed working drawings for all types of ships.

(g) A Naval Central Drawing Office, established to produce design and working drawings for the Royal Canadian Navy and the Department of Defence Production of Canada. The personnel of this office numbers about one hundred and seventy five and its direction and management are supervised by Canadian Vickers' regular officials. The working drawings for the major conversion of frigates and for the new building of destroyer-escort vessels for the Royal Canadian Navy and the Department of Defence Production are being produced by the Naval Central Drawing Office, not only for Canadian Vickers Limited as "lead yard", but also for all the other shipbuilding yards of Canada engaged in the building of such vessels.

(h) Naval architects and shipyard supervisors, many of whom have accumulated shipbuilding experience and skill over a period of many years.

(i) Shipyard employees, skilled in the various trades required in the building of ships and in the art of ship construction.

Intention of Brief

1. Canadian Vickers Limited subscribes to and fully supports the views, data, statistics and information set forth in the brief submitted by the Canadian Shipbuilding and Ship Repairing Association to The Royal Commission on Coasting Trade.

2. Accordingly, it is intended in the present brief to submit such facts, data and information, as will enable the Chairman and the Commissioners to more fully understand the factors and circumstances, as they apply particularly to Canadian Vickers Limited and to avoid, as far as possible, repetition of facts and data contained in the brief of the Canadian Shipbuilding and Ship Repairing Association, which, however, apply to Canadian Vickers Limited in common with the other members of the Association.

3. The Members of the Commission are urged to recommend in their Report:

(a) That the coasting trade of Canada be reserved to ships registered in Canada; and

(b) That, from a convenient date in the near future, say January 1, 1957, all vessels added to, or replaced in, Canada's coasting fleet shall be built in Canadian shipyards; and

(c) That the procedure necessary to put into effect the action urged in sub-paragraphs (a) and (b), immediately above, so far as it concerns the provisions of the British Commonwealth Shipping Agreement of December 1931, and Part XIII of the Canada Shipping Act, be taken by the Canadian Government in due time.

Specific Factors Pertaining to Canadian Vickers Limited

1. In general, it should be said that the adverse conditions and circumstances, described in considerable detail in Sections 10, 11, 12 and 13 of the Brief submitted by the Canadian Shipbuilding and Ship Repairing Association to this Royal Commission, apply, with great force, to the shipyard operations of the Company on the St. Lawrence River. It follows, therefore, that the facilities of the Company, described in Paragraph 4 of the Introduction to this brief, would be gravely impaired, probably to the point of losing their effectiveness and efficiency for practical shipbuilding purposes.

Particularly should it be borne in mind, that there has been a substantial decline in the number of skilled artisans and workmen employed in the Company's shipyards during the past two years, which decline, for the reasons stated above, is bound to continue, except, perhaps, for sporadic increases in employment, deriving from time to time, from such new ship orders as the Company may be able to obtain from the sources remaining to it.

2. Apart from the obvious distress, which displacement brings to skilled workers through loss of employment and the consequent seeking of work in other fields, the most serious significance, from a national point of view, is that the ship designing and building experiences and skills will be lost, in the event there should arise a national emergency, in which demands for new ships would be made on a scale, adequate to the needs of Canada and its allies and in a situation when much greater urgency, than at any previous period in our history, will be the order of the day.

Presuming development of the same situation in the other shipyards of Canada, which at present appears inevitable, the overall decline in shipyard employment and activity would seriously prejudice the national safety. In the light of future events and requirements, it is possible that that point may have already been reached or passed.

3. Inherent in the fact that the Company operates a commercial marine drawing office, as well as the Naval Central Drawing Office for Canada, is that both these operations are, in many respects, interdependent and mutually supporting. When required, personnel may be interchanged from one to the other, thus providing a flexibility and efficiency, which is found but seldom in Canadian shipbuilding establishments.

Having regard to world commercial shipbuilding prices and to the indications that the shipbuilding requirements of the Royal Canadian Navy, for the present at least, are nearing an end, it is not difficult to visualize the adverse effect on these two facilities. As less and less work in this field becomes available, personnel, whose skills in naval architecture, design and drawing are vital to the maintenance of such facilities, will have less and less incentive to remain in the industry.

4. Situated some 1,000 miles from the sea, directly alongside the main channel of the St. Lawrence Seaway, and once that Seaway is opened to the head of the Great Lakes for deep sea ships, Canadian Vickers' yards

are particularly vulnerable to the effect of the entry of United Kingdom-built ships into the Canadian Coasting Trade. On the basis of international shipbuilding costs, few, if any, ship-owners would then have reason to build either deep sea ships, canallers or lakers in Canada.

Therefore, not only would this Company lose practically all opportunity to build new commercial ships, but what is perhaps just as important from a national point of view, would, as a consequence, be unable to maintain an adequate ship repairing facility.

A ship repairing facility, in this and other Canadian shipyards, capable of repairing the kind and the extent of damage which might fairly be expected in the event of another war at sea, with the employment of new and more deadly means of ship destruction and damage, is a prime requisite. If such ship repairing facilities are not kept healthy and effective in time of peace, it can hardly be expected that they will be able to meet demands on such scale and effectiveness as can readily be visualized in time of a new and much greater urgency than has ever before been encountered.

5. Today, there are few deep sea ships on Canadian registry. When the St. Lawrence Seaway is opened, ships registered in the United Kingdom, whether British built or foreign built, will be able, under present laws, to operate in the Canadian coasting trade at costs, much less than those built in Canada and on Canadian registry. Consequently, apart from such orders for naval ships, as may from time to time be placed in Canadian yards, there is not much work or prospect of work for the Canadian shipbuilder.

If, however, the coasting laws were amended to reserve the coasting trade of Canada to ships registered in Canada and to require that additions to Canada's coasting fleet be built in Canadian shipyards, it would enhance the opportunity of Canadian shipyards to obtain new ship construction orders. In turn, this would help to preserve the skills, experience and art of Canadian shipbuilders, an important aid to the maintenance of Canada's shipbuilding and ship repairing industry which might well preserve the capacity to build quickly, vessels of all types in large quantities, a capacity vital and essential to the preservation of national freedom should a third world war occur.

SUMMARY

Read together with the recapitulation of the argument contained in the brief submitted by the Canadian Shipbuilding and Ship Repairing Association (Section 18) the submission of this Company may be summarized as follows:

1. After the opening of the St. Lawrence Seaway, by the deepening of the waterway between Montreal and Lake Ontario, we have every reason to believe, that if Part XIII of the Canada Shipping Act and the provisions of the British Commonwealth Merchant Shipping Agreement of 1931 remain unchanged, Canadian ships engaged in the coasting trade of Canada will encounter severe competition from United Kingdom ships, whether built in United Kingdom shipyards, those of Continental Europe or Japan.

Such competition might be severe enough to

put out of business Canadian ships engaged in the coasting trade of Canada, or at least, to force the Canadian shipowners to buy foreign ships, built at a far cheaper cost than the same ships could be built in Canada and to seek permission of the Minister of Transport to put such foreign built ships on Canadian registry.

Apart from the question of how great would grow the volume of Canadian Coasting trade, after the opening of the "Seaway", these conditions would deprive Canadian shipyards, including those operated by the Company, of shipbuilding business which is vital to our continued existence. This prediction is emphasized by the fact, that Canadian shipyard costs, despite efficient and modern building methods, cannot be brought within reasonably competitive range with United Kingdom, Continental European and Japanese costs, due mainly, to differences in labour rates. Further, so far as can be foreseen, Canadian Government orders for commercial ships will not produce sufficient shipbuilding volume to keep alive the present Canadian shipyards and, as has been observed, the present naval building programme is nearing an end.

2. Apart from the distress which would be occasioned to shipyard and other shipbuilding personnel, such as marine architects, naval draftsmen and the like, and the damage to the business fabric of the Company, there is the serious significance to the national welfare, that in the event of war on a worldwide scale, if our shipyards cannot be continued in operation on a basis efficient enough to produce ships in number and kind, adequate to the needs of Canada and its allies (including the maintenance of an effective ship repairing facility), then the result could have dire consequences for this country of ours and to the survival of freedom everywhere.

3. It should be made clear, that the proposal that the Canadian coasting trade be restricted say, after January 1, 1957, to vessels built and registered in Canada is a domestic matter and would not interfere with ships carrying cargoes from ports oversea to a Canadian port or ports, nor with like carriage from Canadian port or ports to oversea destinations.

4. The early restriction of the Canadian coasting laws as is proposed herein, should have the following effects:

(a) To discourage British and foreign shipowners in planning to build ships, suitable for the coasting trade in Canada, particularly to enter into direct competition with ships along the St. Lawrence Seaway and the Great Lakes. In this connection, it should be said that British vessels have already entered the Canadian iron ore trade in our coastal waters in Quebec; and

(b) That the annual replacement demand for tonnage of ships, now engaged or which in future may be engaged in the Canadian coasting trade, will provide Canadian shipyards with a volume of shipbuilding business, of which, otherwise, they would be deprived. To this, perhaps major, extent, Canadian shipyards will be

enabled to maintain the degree of efficiency, readiness and capacity, which would be so essential to Canada in the event of a future world conflict.

CANADIAN SHIPBUILDING

AND SHIP REPAIRING ASSOCIATION

1. Introduction

The request which this Brief contains is very simple. We shall urge the Members of the Commission to recommend in their Report:

(1) that from henceforth the coasting trade of Canada shall be reserved to ships registered in Canada;

(11) that from January 1st, 1957 (or some other convenient date in the near future), replacements of, and additions to Canada's coasting fleet shall be built without exception in Canadian shipyards.

We believe that these are the minimal provisions by means of which our shipyards can be kept alive and efficient. We rest our case not presuming that the Canadian shipyards are entitled for their own sake to special consideration in this regard. We say that these yards are vital to the defence of freedom. We claim that when understood rightly, the needs of Britain are the same in this respect as the needs of Canada. Vital to the continued existence of both Canadians and Britons is the maintenance on this continent of a shipbuilding industry capable, when war is imminent, of swift expansion.

The scale on which merchant ships and warships were built in United States yards from December 1941 till the close of World War II, may fairly be called miraculous. But even so great an effort was unequal to the need for ships created by "total war". Because that need is virtually without limit, the Canadian shipyards were - they still are - an integral, essential part of the defences of freedom everywhere.

We believe that only by means of the measures urged in our first paragraph, as being desirable recommendations in the Report of this Royal Commission, can these yards in Canada be kept efficient and be maintained on the scale necessary for swift expansion, when war impends, without adding directly to the present load on the shoulders of the Canadian taxpayer.

2. Responsibilities of the Shipbuilding and Shipping Industries in Plans for defending the Commonwealth

To some persons the question, Whether or not henceforth the coasting trade of Canada should be restricted to ships registered and also built in Canada, may seem to raise no basic issues, other than economic issues.

They may suppose accordingly that in evidence before this Royal Commission, there will be paraded the sometimes conflicting interests of shippers and consignees of cargo, ship owners, ship operators, and shipbuilders (including, of course, the craftsmen in Canadian shipyards): in order that the Commission

may recommend in due course, the designation of some one or more among these interests, as paramount.

We recognize that the deepening of the canals on the St. Lawrence River must affect the respective money-making opportunities, in peace-time, of several such groups, and that both on our Atlantic and Pacific coasts, and on the Great Lakes, the pattern of coasting trade tends gradually to change. But we do not believe that in fact there is any such disharmony between the real needs of the persons concerned, as at first sight there may seem to be.

We do not believe that questions of serious concern to Canada's coasting trade should be decided by the method of matching against one another, the claims and counter-claims of contending business and political groups on behalf of which, evidence may be given here.

Nor is it our view that in this field of enquiry, there is opposition basically between Canadian interests and United Kingdom interests.

To persons outside the field of economics the question, Whether U.K. vessels shall continue to participate in Canada's coasting trade, may seem also to be bound up with an important emotional issue: the deep and spontaneous affection between Canadians and the people of Britain.

For our part, we contend that fundamentally there is no conflict here, between Canadian and U.K. needs, which might disturb that affection on either side: in other words, we contend that the right decision should evoke nothing but goodwill in both countries.

We grant that, if U.K. ships are destined still to participate in Canada's coasting trade, Britain will indeed earn somewhat more dollars, in peace-time, than she could earn otherwise.

We grant, furthermore, that the continued participation of U.K. vessels in Canada's coasting trade would indeed show forth symbolically to countries outside the Commonwealth, the traditional and deeply spiritual ties which link in a shared and precious heritage, the countries belonging to the Commonwealth.

These contentions, of course, are both of them germane to the question at issue. But evidently, no vital Canadian or U.K. interest depends on acceptance of them. It cannot be claimed that in some crisis of life and death, which might come upon us, Canada's capacity to survive would depend on the presence in peace-time of U.K. vessels in our coasting trade: or that Britain's capacity to survive in any such crisis, would depend on the dollars which a fraction of her merchant marine perhaps might have been earning in peace-time, if it still had been participating in the coasting trade of Canada.

But we do submit, there are future possibilities of life and death, in the light of which, nowadays, we must even weigh policy relating to cabotage.

In the background of any such discussion, as this discussion of cabotage, which is apparently concerned with nothing but business, the danger of a clash of arms between the still free countries and the communist world now looms.

Obviously the decision, Whether to fight out the differences between the free countries and their arch enemy, does not and will not rest with us: nor, if battle must be joined, shall we choose the timing of the clash. That will be forced on us at a time chosen with supreme care - a moment of supposed weakness on our part. Then in the most literal sense of these words, for all of us the stakes will eventually be life and death.

In the House of Commons at Westminster, on March 1st of this year, Sir Winston Churchill, then Prime Minister of Great Britain, spoke of the many targets in communist controlled countries, which must be struck forthwith, if and when the clash comes. He continued:

> "There are also the Soviet submarine bases and other naval targets which will need early attention ... These targets might be of such cardinal importance that (they) would really be a matter of life and death for us."

Inferentially, the destruction of these submarine bases and other naval targets would be a matter of life and death for all free men everywhere for one very simple reason: because failure on our part to destroy these targets could completely paralyse maritime transport between all the free countries.

Ever since 1900 the prevalent, indeed almost unanimous, expectation has been that in the next world war some newly launched weapon would fast and for all time decide that war's outcome. Perhaps the first encounter would once and for all make the victor nations supreme - the vanquished group of nations prostrate.

Consistently, so far during the twentieth century, that expectation has been proved wrong. Sir Winston Churchill himself has written of the long ordeal which the northern seafaring nations endured from 1914 till the close of 1918:

> "Before the war it had seemed incredible that such terrors and slaughters, even if they began, could last more than a few months. After the first two years it was difficult to believe that they would ever end."

Of the subsequent ordeal, still more protracted, from 1939 till 1945, Sir Winston has confessed quite frankly:

"The only thing that ever really frightened me during the war was the U-boat peril ... I was even more anxious about this battle than I had been about the glorious air fight called the Battle of Britain."

Can it be supposed that in another world war, we shall not only destroy successfully these targets envisaged by Sir Winston - but shall also destroy them instantly?

Can it also be thought that the multitude of airports, from which wide ranging hostile aircraft might be sent continuously to search out and destroy merchant vessels at sea, could all of them be put out of action? - and equally fast?

If, almost overnight, these targets were to be destroyed so thoroughly that the merchant ships of the free world would not thereafter be tracked down and sunk: furthermore, if we could be sure of neutralising mines in the ship lanes, continuously: perhaps then sea communications by which the free countries must live in war and peace could be kept open - at least, precariously. Perhaps, then, the maintenance of our facilities for replacing ships and restoring others to service would not remain a decisive factor.

Perhaps then, we might concentrate all of our energies on victory by means of a knock-out.

But these are very great assumptions: therefore, if not well founded, doubly dangerous. Only sure and certain knowledge that the next war will be decided instantly can justify them.

Otherwise - if it should prove to be the case, that not all such targets can be destroyed immediately - that their destruction at best, would be gradual: we know from sad experience of past wars, that in the meanwhile, so long as enemy planes and submarines could still hunt merchant ships at sea, the merchant vessels of the free countries would be sunk as fast as they could be traced and tracked.

Losses amounting to millions of gross tons would need replacement in the quickest possible time. The shipyards of Britain, victims of incessant bombing, would, as always, be dependent for materials and a thousand items of equipment on factories elsewhere, themselves exposed to the same ordeal. These yards in Britain could not increase their capacity to build and repair ships, they could not even maintain it. But with each impairment of their capacity for the performance of wartime tasks, would come another, still more urgent demand to replace vessels newly sunk.

Again, the sole source from which to replace quickly millions of tons of lost ships would be the shipyards of North America.

The past record is clear. During four crucial years, from 1941 to 1945, Canadian shipyards played a vital part in the replacement of lost tonnage - 393 merchant vessels of various types and 398 naval

vessels were built in these yards. In addition, more than 27,000 allied ships were repaired and restored to action - including the Queen Elizabeth of 85,000 gross tons, which was dry-docked and refitted in Victoria, B.C.

More than once did Britain's leaders in wartime testify to the performance of Canadian shipbuilders.

Speaking on September 4th, 1941, Sir Winston Churchill said of Canada's contribution to the common cause:

> ".....that effort in men, in ships, in aircraft, in air training, in finance, in food, constitutes an element in the resistance of the British Empire, without which that resistance could not be successfully maintained."

Again on December 30th, 1941, when appearing before both Houses of Canada's Parliament, he spoke of:

> "..... the naval production of corvettes and above all of merchant ships which is proceeding on a scale almost equal to the building of the United Kingdom..."

Sir Winston Churchill also said on that occasion to Canadian members of Parliament:

> "It is only when the vast shipbuilding programme on which the United States has already made so much progress, and which you are powerfully aiding, comes into full flood, that we shall be able to bring the whole force of our manhood and of our modern scientific equipment to bear upon the enemy."

Since then, that greatest of living warriors has written, ("Closing the Ring", p. 121):

> "Canada has become in the course of this war an important seafaring nation, building many scores of warships and merchant ships, some of them thousands of miles from salt-water, and sending them forth manned by hardy Canadian seamen to guard the Atlantic convoys and our vital life-line across the ocean."

But what of the present?

Throughout North America today, shipyards are becoming progressively less busy. The condition is potentially dangerous to free men everywhere - very dangerous to Canadians - and to none more dangerous than it is to the people of the British Isles.

For this is a very specialized industry. The building of ships and repairing of them requires a combination of skills and a collective experience during years of teamwork, which cannot be got otherwise than on the building berth or in the dry-dock, as one ship replaces another.

The requirement is absolute. If the volume of work in a shipyard persistently shrinks till engineers and craftsmen practising these special skills are laid off and must scatter to find employment inland, the shipyard virtually dies. We thus lose an instrument of defence.

The British themselves have no more vital interest than that of ensuring in time of peace the maintenance in being on the North American continent of shipyards, efficient and capable of instant expansion when danger becomes imminent: so that in all assaults of our enemies, the number and tonnage of ships necessary for our salvation still may traverse the seas.

We recognize, however, that discussion in the present, before the Members of this Royal Commission, relates primarily to Canada.

First named of the specific items on which, according to their terms of reference, "The Commissionners shall enquire into and report" is:

> "(a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and shipbuilding..."

We shall argue that it is vitally necessary for us to maintain, at all times, efficient shipyards in Canada, capable of swift expansion - yards able to play their own part in building, refitting and repairing the number and tonnage of merchant vessels, despite all hazards, which are needed by the still free countries in wartime as well as in peace-time, so that they may survive.

We have already listed (on page 1) what we believe to be the minimal requirements for this purpose. We believe that the surest and the least expensive method of maintaining at all times in Canada, shipyards capable of swift expansion, is to reserve this country's coasting trade to vessels registered and built in Canada.

Whatever measures it may be necessary to take in Canada with a view to maintaining in this country the necessary number of efficient shipyards, located strategically, these measures are as much in Britain's interest as in our own. Furthermore, from the standpoint of Britain, no consideration which may be brought into this discussion is of an importance comparable with the consideration of safety.

3. Character and Present State of Canada's Coasting Trade

Continuously, during more than three centuries, the Canadian farmer, lumberman, miner, manufacturer and merchant, realising Canada's unique facilities for coastal and inland water transportation, have tried to make full use of them.

The scale of our coasting, water-borne commerce now nearly matches the scale of our water-borne foreign commerce. During 1953, cargoes amounting to 61 million

tons were loaded and unloaded at Canadian ports from vessels in coasting service. During the same year, cargoes amounting to 71 million tons were loaded and unloaded at Canadian ports, by vessels in foreign service.

Moreover, of late years, the proportion of Canada's imports and exports by water, which is carried by Canadian deep-sea ships, has been diminishing fast. Since 1947, there has been continuous shrinkage in Canada's deep-sea fleet. In 1952 (the latest year of record for this purpose) ships on Canadian registry carried scarcely more than half as much dry cargo, from and to trans-ocean ports, as they had carried five years earlier, in 1947, when the volume of oversea trade was much less.

There is no doubt that since then the shrinkage has continued.

Thus does the coasting trade become progressively more important to Canada's merchant fleet.

In the tables which follow, there will be found an interesting contrast:

Merchant Fleet on Canadian Registry
(Vessels of 1,000 gross tons and over)

	Total of all ships	
	No.	Tonnage
March 31, 1952	380	1,434,000
March 31, 1953	376	1,411,000
December 31, 1954	342	1,217,000

Here within thirty-three months there is recorded a net shrinkage of 38 vessels amounting to more than 200,000 gross tons. Inasmuch as our shipyards depend for survival on the repair, and ultimate replacement of Canadian merchant vessels, these yards cannot but regard as a deadly threat so rapid a diminution of existing tonnage as this.

In somewhat more detail:

	Ocean-going ships in foreign trade		Ships in coast-wise and Great Lakes trade	
	No.	Tonnage	No.	Tonnage
March 31, 1952.....	77	530,000	303	904,000
March 31, 1953.....	65	442,000	311	969,000
December 31, 1954 ..	24	183,000	318	1,034,000

The gross tonnage of Canadian registered ships engaged in our oversea trade thus was reduced by 347,000 gross tons - more than 65% in this brief period.

In the same period by contrast, the tonnage of Canadian registered ships in our coast-wise and Great Lakes trade was increased by 130,000 gross tons - by more than 14%.

That is to say, for every three tons by which the gross tonnage of Canadian registered vessels in our coasting trade was increased during this period, the gross tonnage of Canadian registered vessels on foreign service decreased by no less than eight tons.

The number and gross tonnage of ships in salt water coast-wise trade has remained fairly constant. The number of ships on the Great Lakes and St. Lawrence River has increased: their total tonnage was greater by more than 18% at the close, than at the beginning of the period.

	Ships in the salt water coast-wise trade		Ships on the Great Lakes and St. Lawrence	
	No.	Tonnage	No.	Tonnage
March 31, 1952	63	182,000	240	721,000
March 31, 1953	63	180,000	248	789,000
Dec. 31, 1954	62	179,000	256	854,000

Only ships of small tonnage can ply the St. Lawrence River above Montreal. By contrast, larger vessels (some of them very large) are employed on the Great Lakes:

	Lower Lakers and St. Lawrence Canallers		Upper Lakers	
	No.	Tonnage	No.	Tonnage
March 31, 1952	176	341,000	64	380,000
March 31, 1953	176	340,000	72	449,000
Dec. 31, 1954	180	352,000	76	502,000

Here in the two columns just quoted are the signs of healthy growth. To some small extent the vigour with which that part of Canada's merchant fleet is developing, which operates in the St. Lawrence Basin, has offset the disappearance in large measure of merchant vessels on Canadian registry from ocean trade routes.

In part, at least, this encouraging development is due to the small size of the canals on the St. Lawrence River, hitherto - which has in effect, kept out of the Great Lakes all but the smallest ocean-going freighters. Accordingly, the number and tonnage of upper lakers have been increased fast, while the number and tonnage of Canadian registered ships in the salt water coast-wise trade have not quite been maintained.

We foresee the likelihood that if the terms of the British Commonwealth Merchant Shipping Agreement of 1931 (which now calls for discussion) and the Canada Shipping Act, 1934, are still unchanged at the time when we complete the deepening of the canals on the St. Lawrence River, this removal of today's physical limitation on the size of vessels seeking access to the Great Lakes may prevent the growth of, and ultimately lessen considerably the number and tonnage of Canadian-built ships on the Great Lakes, too.

The consequences of a change such as this would be disastrous for our Canadian shipyards.

4. Role of United Kingdom Vessels in Canada's Coasting Trade

The law which governs our coasting trade may be found in Part XIII of the Canada Shipping Act, 1934. Before it was enacted, the right of U.K. vessels to compete for business in Canada's coasting trade had already been established by the British Commonwealth Merchant Shipping Agreement, signed in London on December 10th, 1931 - which declares in part:

> "Article 10. - Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that Part shall apply more favourably to ships registered in that Part, or to the ships of any foreign country, than they apply to any ship registered in any other Part of the Commonwealth."
>
> "Article 11. - While each Part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country."

In accord with the Shipping Agreement, Part XIII of the Canada Shipping Act, 1934, states:

> "671.(1) No goods shall be transported by water or by land and water, from one place in Canada to another place in Canada, either directly or by way of a foreign port, or for any part of the transportation in any ship other than a British ship."

We thus face the question, "What is a "British ship"?

It is clear inferentially, from the terms of the Shipping Agreement, that vessels registered anywhere in the British Commonwealth of Nations are "British ships". In fact, however, none but U.K. vessels gain advantage in Canadian waters, from Subsection 671.

Obviously, the ships of New Zealand and Australia could have engaged in our coasting trade if it pleased them to do so. But their daily cost of operation so much exceeds the cost of operating U.K. vessels, as to bar them from it effectively.

Thus, the terms on which Canadian ships are obliged to compete with U.K. ships, constitute the nub of our problem.

Let us not, however, make the mistake of supposing it to be more simple than in fact it is. For not all Canadian ships are built in Canada. We note, in parallel, that not all U.K. ships are built in Britain. Some are procured from countries in which the prevailing wage rate is appreciably below the prevailing wage rate in Britain.

5. Cost of Building in the Canadian Yards: and Principal Reasons Therefor

Ship construction requires that months be spent, or even years, on one or more complex, expensive and possibly large tailor-made units. Thus it is not like a manufacturing industry, tuned to the mass production in great numbers of identical units on an assembly line basis, for a market so large that it can absorb the finished goods as fast as they come on sale.

Initially, there is an assembly. The building of a ship requires first that its component parts and equipment be brought together from a number of industries, some of them widely dispersed: makers of steel, aluminum, brass and copper products; boilers, deck and auxiliary machinery; very complex turbine and diesel propelling machinery; navigation instruments; electrical apparatus and electronic equipment; together with a myriad of other products. Each of the diverse industries, from which these needs are procured, in its turn makes domands on other industries for specialised equipment and materials. Of the very many companies thus involved, fifty have been listed in Appendix: Table IX.

The levels of salaries and wages paid on Canadian vessels and in Canadian shipbuilding yards are necessarily related to the levels of salaries and wages paid elsewhere in Canada's industries. Notoriously, Canadians in general are very much better paid than their U.K. counterparts, in similar occupations. The margin is wider still between Canadian rates and those of most foreign countries oversea. (Comparable wage rates in the shipbuilding yards of Canada and the United Kingdom are shown in Appendix: Table XI).

In this respect, the situation of Canadian yards, and of ships built in these yards, is basically the same as the situation of yards in the United States, and of the ships which they build.

Obviously, the salaries and wages paid in North American yards generally must match the salaries and wages paid in nearby comparable North American industries; otherwise, there would be no shipyards in North America.

Furthermore, so long as it remains essential for safety's sake, to sustain on this continent an active and efficient shipbuilding industry, the compensation of all workers in the North American shipyards must so be raised from time to time to keep pace with rising wage and salary levels in our expanding economy.

Basically, that is why Canadian shipyards are at a disadvantage when competing against U.K. shipyards: at a still greater disadvantage when competing against other shipyards - German, Italian or Japanese. In the last analysis (that is, when we take in account the labour content of a ship's component parts and equipment(wages constitute something like 65% of the cost of building a merchant vessel.

In as far as we can determine, on an average, workers in U.K. shipyards are paid about 60¢ per hour; workers in German shipyards, about 47¢; workers in the shipyards of the Netherlands, about 44¢ - whereas (according to geographical location) averages of the wages paid in the various Canadian shipyards range from $1.28 per hour to $1.91½.

6. Importance of the Cost Differential: Canadian versus U.K. Vessels

In its Sixth Annual Report (on page 9) the Canadian Maritime Commission estimated as of 1952, the daily cost of operating two 10,000 ton deadweight standard war-built vessels, one of them on Canadian and one on U.K. registry. Most conspicuous of course was the difference in total wage costs, due to the low level of U.K. wages by comparison with rates paid in Canada: $316.50 daily per vessel, as compared with $140.50.
The detail of this analysis follows:

Vessel Expenses	Canada	United Kingdom
Total Wage Cost	$316.50	$140.50
Subsistence	66.00	48.00
Stores and Supplies	66.50	52.50
Repairs and Maintenance (including provision for surveys)	160.00	123.50
Insurance	129.50	119.00
Sundries	15.50	14.00
Management	62.00	46.00
	$816.00	$543.50

Thus, the total cost of operating the vessel registered in Canada seems to have been at that time just about 50% greater than the total cost of operating the ship on U.K. registry.

We do not imagine that either of these overall figures has remained unchanged since 1952. But we do suppose that the percentage relationship between today's Canadian daily cost and today's U.K. daily cost is probably not very different from the percentage relationship of 1952.

Even more striking was the difference in capital cost between two such vessels when last examined. The Second Report of the Canadian Maritime Commission (on page 39) states:

"Our investigations and studies of estimates of comparative costs of building similar ships in Canada and Great Britain indicate the price of the latter to be about 25 per cent less than the Canadian price depending on the size, speed and type of vessel and based on main propelling machinery and other components being purchased by the Canadian shipbuilder in the cheapest market. If the ship is built entirely in Canada, that is including its machinery and components, a much larger differential in price would have to be considered.

"Analysis of the cost formula would indicate that on the assumption of equal efficiency of men and machinery in the two countries, the comparative cost of a ship built in Britain would be 45 to 50 per cent less than the price of a similar all Canadian built ship.

"The principal factor contributing to the differential in prices is wage rates..."

It seems that this comparison was based on the conditions of 1949. We know no later comparison which may be regarded as authoritative. But there is conclusive evidence, meanwhile, that the differential between the Canadian and U.K. cost of shipbuilding was increased substantially by the 1949 devaluation of sterling.

During the next four years after 1949, up to the Fall of 1953, wage rates in Canadian and U.K. shipyards were raised, percentage-wise, at the same rate. But meanwhile, in the Fall of 1949 (not many months after publication of the Report here quoted) devaluation of the pound sterling from U.S. $4.03 to $2.80 reduced by 30% at one stroke of the pen, the labour cost of all U.K. products, reckoned in U.S. dollars.

One of the most important, direct consequences of the sharp divergence in value, by the pound sterling and the Canadian dollar, was thus an automatic, radical cheapening of U.K. shipbuilding costs, in relation to Canadian shipbuilding costs; the differential between them is undoubtedly greater today, than it was when the Second Report, here quoted, of the Canadian Maritime Commission made its appearance. In other words, an incidental and unforeseen result of the devaluation of sterling in Britain was to make even more difficult than before the competitive position of the Canadian shipyard.

7. Case of the Vessel built in a Foreign Yard, and entered on U.K. Registry; then put in Canada's Coasting Trade

Nor is the force of competition from oversea, which a Canadian ship owner must face in our coasting trade, entirely due to the difference between Canadian and U.K. wage rates. For when it suits them, U.K. ship owners can use in the coasting trade of Canada ships built in foreign shipyards.

The reason for using such vessels is obvious: there are other countries abroad, in which prevailing wage rates are far less even than U.K. rates; and in which, therefore, the cost of building ships is less than the cost of building in U.K. yards.

The right of U.K. ship owners to place foreign-built vessels in our coasting trade rests on the Canada Shipping Act, 1934, clauses 669 and 670 - which read in part:

> "669. (1) No foreign-built British ship, whether registered in Canada or elsewhere, after the 1st day of September, 1902, is entitled to engage or take part in the coasting trade of Canada unless she has first obtained a licence for that purpose, which may be granted by the Minister of National Revenue..."
>
> "670. The Minister of National Revenue shall issue a licence to any such foreign-built British ship upon application therefor, and upon the payment of a duty of twenty-five per cent ad valorem on the fair market value of her hull, machinery, furniture and appurtenances. 1934, c. 44, s. 662."

On vessels built in U.K. shipyards, and employed in Canada's coasting trade, there is no customs duty. Clause 670 thus gives to shipyards in the United Kingdom, a preferential advantage over shipyards in non-Commonwealth countries, provided that their building cost does not exceed the foreign building cost by more than 25%.

It is evident, already, that if the duty did apply to vessels built in U.K. shipyards, the prescribed rate of 25% would not nearly measure and offset the differential (post-devaluation) in capital cost between vessels built in those yards and similar ships built in Canadian yards.

Obviously the foreign vessel to which the statutory tariff of 25% does apply, must have been built even more cheaply than it could have been built in the United Kingdom; otherwise (we must suppose) the ship owner in the United Kingdom would not have been tempted to buy the ship abroad.

How much greater then must be the present differential between the capital cost of such foreign-built vessels in our coasting trade, and the capital cost of ships built in Canadian yards, which must compete against them!

The 25% duty, payable on imported, foreign-built U.K. ships (and incidentally, from time to time on Canadian ships) before they are granted a licence to compete in the coasting trade of Canada, does not even pretend to measure the differential. The relevant item in our tariff can be traced as far back as 1902; when an Act respecting the Coasting Trade of Canada received Royal Assent.

We need not ask ourselves, What was the purpose of those who chose this rate of duty? Whatever their purpose at the beginning of the century, conditions are utterly changed now. But no change has been made in the percentage rate for more than half a century.

We record the fact that this tariff rate of 25% is unrealistic. Because the percentage charged is so much less than the cost differential, the duty cannot accurately be described as giving any protection at all to Canadian shipbuilders or makers of marine equipment and component parts.

8. Direct Competition of the more cheaply built U.K. owned Vessels in our Coasting Trade

It is noteworthy that in the St. Lawrence, Newfoundland and Atlantic Coast areas, the carriage of Nova Scotia coal is the largest trade in which U.K. ships participate. U.K. vessels carried 57 per cent of the tonnage of Cape Breton coal shipments in 1952, and 79 per cent in 1953. U.K. vessels are regularly employed in the general cargo trade to Newfoundland from the Great Lakes, from the St. Lawrence ports, and from Nova Scotia. Some U.K. ships carried rails and rolling stock to Seven Islands in 1952 and 1953. Occasional opportunities arise, too, for U.K. ships in the gypsum and fluospar trades. Two U.K. vessels entered the coasting trade on the Great Lakes in 1953, and between them carried 1½ million bushels of grain.

9. Percentage of Cargoes in Canada's Coasting Trade, carried by ships not registered in Canada

One would suppose that, endowed with so great advantages, by this time U.K. ship owners would have won for themselves everywhere a great share of Canada's coasting trade. But this has not been so. The Seventh Annual Report of the Canadian Maritime Commission (June, 1954) says that:

> "Approximately 5½ per cent of the total tonnage of cargo in the coasting trade in 1953 (the same proportion as in 1952) was carried in ships not registered in Canada. The great majority of these were British ships registered in the United Kingdom. Thirty-six such British ships entered the coasting trade during the year." (p. 12).

Nevertheless, the Canadian shipbuilding industry gets not much satisfaction out of this. Apart from orders being executed in Canadian shipyards for the Canadian Government, on May 1st, 1955, there were only twenty-two vessels of all kinds - ten barges, three scows, one dredge, one tug, two ferries, one package freighter, three canallers, one cargo vessel - being built in Canadian yards, mainly for Canada's coasting trade: none for Canadian owners engaged in international trade - none for foreign buyers.

10. Limited Future Expansion of Canada's Coasting Trade

The degree to which U.K. vessels (exercising the privilege which is theirs under the British Commonwealth Merchant Shipping Agreement of 1931), were able to compete hitherto for the water-borne commerce of Canada, seems to have been limited severely so far, by the present diminutive Lower St. Lawrence canals.

None but small vessels could pass from salt to fresh water through these canals, and vice versa. Thus, U.K. merchant ships, trading between Europe and North America, could in rare instances only, compete in ports on the Great Lakes, against specialised lake freighters, for cargoes destined ultimately to be carried oversea.

Similarly, the smallness of these vessels made it hard for them to compete in the coasting trade, against specialised "lakers", above the canals on the Lower St. Lawrence.

But the fact is worth noting here, that it has not been, and is not now necessary for all U.K. vessels, wishing to compete in this trade, to come up the Great Lakes through the canals of the Lower St. Lawrence. They could, and today can by-pass this route, if they so desire.

U.K. ship owners might, if they wished, have constructed, especially for this traffic, freighters up to 600 feet in length - vessels closely similar to the large Canadian "upper lakers". They might have brought such vessels up to Mississippi River, then, via the Chicago Drainage Canal, could have introduced them to the coasting trade of the Great Lakes.

Certainly this round-about movement would have been expensive, but not excessively so. The fact that heretofore no such attempt has been made is of real significance. U.K. ship owners obviously reject the notion that they might confine ships of theirs to the Great Lakes trade, and so cut off come of their tonnage from other year-round trades. They wish in their own self-interest to keep the management of their ships completely flexible.

In any case, within a few years the deepening of the canals on the Lower St. Lawrence will permit large ocean-going merchant vessels to come up the St. Lawrence route, into the Great Lakes.

Large vessels from a number of countries abroad thus may soon be seeking cargoes from oversea, to be carried without trans-shipment and discharged at ports on the Great Lakes; and seeking cargoes from ports on the Great Lakes, to be carried without trans-shipment, to ports oversea.

These possibilities, we suppose, are beyond the scope of this Commission. Nor is it any part of our business or desire to limit in any way the future opportunities in direct ocean trade of U.K. shipping firms. Long may this ocean trade flourish.

But the prospect that, furthermore, large British vessels, coming up the St. Lawrence River, may take part in Canada's coasting trade, up and down the Great Lakes and from the Great Lakes, down to the Gulf of the St. Lawrence, obviously calls for study by the Members of this Commission.

We think it proper to remark here that it is also no part of our business or desire to make more expensive the carriage of Canada's most important cargo, prairie wheat. We rejoice that the deepening of the St. Lawrence Canals will reduce considerably the cost of moving this wheat by water from the Lakehead to Montreal.

Speaking not long ago to the Canadian Association of British Manufacturers and Agencies, Mr. Lionel Chevrier, Q.C., President of the St. Lawrence Seaway Authority, said in Toronto:

> "It has been estimated that the saving in the cost of grain will be in the neighbourhood of five cents a bushel. With Canada able to offer her wheat in world markets at a more competitive price, her trade with Britain in this important commodity should become even greater, enabling her to buy more in the British market.
>
> "The savings would be great enough if it were just a matter of allowing cargoes to move, in large and economic vessels, throughout the Seaway without trans-shipment..."

The reduction in the cost of moving grain from the Lakehead to Montreal, thus estimated officially to be five cents or thereabouts per bushel, does not depend for its achievement on the continued presence of U.K. vessels in Canada's coasting trade. In any case it is likely that the vessels of many nations will be competing with one another at the Lakehead, for grain cargoes to be carried without trans-shipment to Liverpool and other Old World ports.

The rates per bushel quoted for the continuous voyage will obviously restrain the rates to be charged by coasting vessels, from the Lakehead for trans-shipment at Montreal; thus the benefit to the grain grower is sure.

The ship owners of Britain, much better situated than most observers of what goes on in this country, doubtless know just as well as we do, that in Canada, since 1900, the rate of economic growth has been remarkably rapid.

They know just as we do that the rapid post-war expansion of our economy (more especially during the past five years) has created opportunities for selling here in large volume, a wide range of British products, and other opportunities for the fruitful investment on a large scale of British capital in Canada.

We suspect that now the ship owners of Britain may be depending on this post-war rate of growth, coupled with the opening of the Seaway, quickly to bring about a vast increase in the volume of Canada's

coasting trade, up and down the Great Lakes especially.

May they not have concluded, as well, that here is a large potential demand for British merchant shipping?

In our view, no such expectation is justified.

It is shown in Appendix: Table XII that both the tonnage of vessels entered at Canadian ports in foreign service, and the tonnage of vessels entered at Canadian ports in coastal service, have increased and are increasing at rates very much slower than the growth rate of Canada's Gross National Product.

Doubtless from henceforth, the Canadian market for British goods will grow fast. But certainly, to judge by past experience, the need for vessels in our coasting trade will increase much more slowly.

From this consideration, two conclusions follow.

The first is that if, after the deepening of the canals on the Lower St. Lawrence, U.K. ship owners are permitted to remain in our coasting trade, and if they do then compete vigorously for cargoes on runs between Canadian ports; they may thus make very difficult the position of Canadian ship owners in our coasting trade, and inferentially may render hopeless the position of the Canadian shipyards.

The second conclusion is that if in U.K. shipyards, many vessels are built for account of U.K. ship owners and forthwith, put in our coasting trade on the Great Lakes, the slowness with which traffic will increase there (relatively to the certain rapid growth of all Canada) must end by disappointing seriously these same U.K. shipping interests.

But let us also note the converse possibilities. If after the deepening of the canals on the Lower St. Lawrence, the Government of Canada were to confine our coasting trade to ships registered and built in Canada, the resulting setback to ship owners and shipbuilders in the United Kingdom would be very small. For the number of U.K. merchant vessels which has found employment in Canada's coasting trade, so far, is a minute fraction of all U.K. merchant shipping (at present, nearly nineteen millions of tons).

Moreover, the number of shipbuilding orders which U.K. shipyards thus might lose, would also be but a tiny fraction of the great number of merchant vessels (in gross registered tonnage, aggregating about one million, three hundred thousand) annually built in U.K. shipyards, for use on the Seven Seas.

11. Importation of foreign-built Ships and Registration of them in Canada for use in our Coasting Trade

The right of ship owners in parts of the British Commonwealth, other than Canada, to place foreign-built vessels in our coasting trade has already been described above, on page 19.

The Canadian ship owner wishing to bring in a foreign-built ship to be put on Canadian registry for use in the Canadian coasting trade must first approach the Minister of Transport, before doing so. The Minister can grant or refuse permission Duty must be paid, if the ship is imported.

As often as the Minister grants permission, he narrows the future opportunities of Canadian shipyards. Of late years, these permits have been granted all too frequently.

The scale on which vessels registered in Canada, but built abroad and thus imported, have been introduced into this country's coasting trade is shown in Appendix: Table XIII.

Members of the Commission may judge for themselves at what cost to the defence potential of the Canadian economy this easy-going attitude has been maintained.

The British Columbia coast illustrates vividly the problem so created. Old U.S. ships have been, and are being dumped into Canada: vessels aggregating almost 83,000 gross tons were brought in through B.C. ports between January 1st, 1946, and August 15th, 1954, to compete in our coasting trade against Canadian-built vessels. The total figure includes more than one hundred barges, with a combined gross tonnage of 35,000.

The transport on our Pacific Coast of bulk cargo by means of scows, barges and tugboats, is a quite recent development. It is estimated that during the four years 1949 to 1952 no less than 77% of all inward and outward domestic cargo tonnage (exclusive of log rafts) at the port of Vancouver was carried by barges and towed scows.

There are at present 1,120 of these craft in operation. More than half of them are more than twenty-five years old; and therefore, due to be replaced in the fairly near future. The prospective industrial expansion along the shoreline of British Columbia virtually guarantees an increasing demand for such vessels, henceforth.

Will this large demand for tonnage be met by more importations? - or, will it be satisfied from the B.C. shipyards?

Actually this question arises (though not in the same form) everywhere in Canada. For instance, importation of old second-hand tonnage from the United States has long been a threat to the Canadian lake fleet, and thus to the survival of shipyards on the Great Lakes and the St. Lawrence.

The presence anywhere at all in Canada's coasting trade of many vessels built in foreign shipyards (or for that matter, U.K. shipyards), cannot but induce - in some cases, compel - Canadian ship operators increasingly to press the Minister of Transport for permission to register in Canada more and more ships built outside Canada.

Vested with a discretionary power which thus will inevitably prove a shocking source of embarrassment alike to Minister and Government, he will find himself placed in an endless series of dilemnas.

To Canadian ship owners and ship operators, the difference in capital cost between Canadian-built and foreign-built vessels might seem to justify vigorous efforts at persuasion. But exercise of his discretionary power by the Minister, otherwise than in rare and extraordinary circumstances, might close down Canadian shipyards, one after another.

Such a situation as this tends inevitably to deteriorate.

The market for Canadian-built vessels, already narrow, becomes narrower still with each permit by means of which one more foreign-built ship is imported and put in Canada's coasting trade.

The presence in growing numbers of such vessels induces more and more Canadian ship owners (conscious of the differential in capital cost between Canadian-built and foreign-built ships, but hitherto content to procure new vessels from Canadian yards) one after another to seek permits for themselves from the Minister of Transport, which will enable these ship owners also to procure ships for themselves, elsewhere than in Canada.

There is a stage in this process, when demoralization is likely to set in.

12. Threats against the Survival of Canada's Shipyards.

Clearly the conditions which have just been outlined limit seriously the shipbuilding opportunities of our industry. Furthermore, it is obvious that unless remedial action is taken soon, the shipyards of Canada may finally become so reduced in the scale of their operation as to lose their efficiency, to become uneconomic units and ultimately to be found incapable of rapid expansion in an emergency. We repeat that in default of remedial action, our industry might even, for practical purposes, pass out of existence.

In recent years the shipbuilding industry has largely been supported by work for the Government of Canada: partly by foreign orders gained after World War II, so long as shipyards in the United Kingdom, on the continent of Europe and in Japan were themselves being re-built- or else, were kept busy replacing the tonnage lost in wartime

by their own merchant fleets.

Critical examination of world shipbuilding prices leaves no doubt but that our own industry must look for future orders to:

1. Shipbuilding and ship repairing work for the Royal Canadian Navy, and other Departments of Government and Government Agencies;

2. The building and repairing of ships registered in Canada, which are engaged in Canada's coasting trade.

There are indications that the shipbuilding requirements of the Royal Canadian Navy, for the present at least, are nearing an end.

More and more U.K. vessels now seek business in Canada's coasting trade.

The point has already been made above, that the future opportunities of our Canadian shipyards are destined to be the more narrowly limited because, in volume, Canada's coasting trade will almost certainly not increase as fast as our Gross National Product is destined to grow.

13. Conditions Essential for Maintaining, in Time of Peace, a Canadian Shipbuilding Industry, capable of Rapid Expansion

We do not presume to judge how large a nucleus of persons with diverse skills, needs to be kept at work in time of peace by the shipyards of Canada, so that these yards may possess in time of war, the capacity to build ships on the scale required then for survival - and of no less importance, to build them fast enough.

It is obvious, however, that the Canadian shipbuilder must necessarily carry far greater responsibilities in another World War than he carried in World War II: for then, he could be supplied with ready-made ship designs from Britain. His was the task (much more complex even in those days than could be visualised in advance) virtually to make "chinese copies" of the British designs. He did this at the time with acknowledged success.

But it is now recognized on all hands and (we believe) is decided as part of our defence policy, that in another World War, Canada's shipbuilding industry must be self-sufficient and self-contained: able not only to reproduce, but also to design and to create: inured to the problems which arise: capable of performing its duties efficiently, no matter how great may be the destruction elsewhere.

The report on U.S. "Maritime Subsidy Policy", prepared by the Office of the Under-Secretary of Commerce for Transportation, and the Maritime Administration (Washington, April, 1954) says on pages 28 and 29:

> "Although the Maritime Commission was building at the rate of one ship every three days toward the end of 1941, considerable difficulty was experienced in expanding shipyard capacity to meet shipbuilding demands of World War II ...
>
> "Experience has shown that a ship construction labour dilution of 12 to 1, during the mobilisation build-up, is the maximum that is acceptable."

Even if this were proven to be the maximum dilution ratio that is acceptable, we could not calculate with any claim to precision the size of the nucleus of skilled persons necessary to the maintenance in peace-time of a shipbuilding industry strong enough to meet the needs of another World War. Such a calculation would depend, of course, on two still unknown factors: first, on the maximum shipbuilding capacity, which it would be necessary to develop in the course of our war effort: second, on the length of time within which this maximum capacity must be reached.

Everything which is now known of nuclear weapons and of current progress in aeronautical and submarine engineering suggests that in another World War not culminating in an instant knock-out, the destruction to be made good would be much greater, compared with that of World War II, than was the destruction of World War II compared with that of World War I: furthermore, that the circumstances of another World War would compel the replacement of lost tonnage much faster than the rate at which we managed to replace lost tonnage in World War II - just as the time available for replacement was much less in World War II than in World War I.

In this connection, the table which follows is of considerable interest:

> Gross Tonnage of Seagoing Merchant Vessels of 100 Tons Gross and More Launched in the Principal Maritime Counties

(The figures given - all from Lloyd's Register Book - are in thousands of gross tons, thousands omitted, and exclude vessels built on the Great Lakes.)

Year		Year	
1913	3,263	1939	2,401
1914	2,790	1940	1,754
1915	1,173	1941	2,498
1916	1,560	1942	7,828
1917	2,733	1943	13,893
1918	4,967	1944	11,182
1919	6,589	1945	7,197

These are world figures - those from 1939 onwards are incomplete. But even so, they show vividly the difference both in the demand for new tonnage of seagoing merchant vessels in the Second World War and in the speed with which this tremendous tonnage was produced.

During World War I, the volume of shipping tonnage actually launched in the last pre-war year, 1913, was not again equalled till that war's final year, 1918. Not until 1919, after the conclusion of World War I, was twice as much new tonnage launched, as had been launched in the last year before World War I began.

Initially, during World War II, there was the same interruption of shipbuilding as had been experienced in 1914. But this time it was brief. A smaller tonnage was launched in 1940 than had been launched in 1939. But in 1941, the tonnage launched was greater than the 1939 figure. In 1942 the tonnage launched was three times as great as in 1939 and in 1943 nearly six times as great.

The magnitude of the task undertaken, and discharged successfully during World War II, may be measured very roughly by making this comparison, between the two series of figures, shown on page 32.

Comparisons of Corresponding Years

(Gross tonnage launched in each year of World War II, stated as per cent of gross tonnage launched in corresponding year of World War I)

1939 vs. 1913	74%
1940 vs. 1914	63%
1941 vs. 1915	213%
1942 vs. 1916	502%
1943 vs. 1917	508%
1944 vs. 1918	225%
1945 vs. 1919	109%

Thus did shipbuilders everywhere during World War II surpass their former achievements in World War I.

Notoriously, the means of destruction have become much more deadly during the past ten years than ever before - the capacity to mobilise a nation's energies totally, for war purposes, has grown still more complete. We venture to say that if the next World War does not result in an immediate knock-out (and no more dangerous decision for Canada could now be made, than to take for granted that this will be the case) the tasks which will occupy Canada's shipyards when that War begins will be very much larger (in terms of tonnage to be built) and very much more urgent (in terms of time, within which to build the necessary ships) and very much more complex (in terms of the naval vessels needed), than in all our past experience.

14. Method by which Britain's Merchant Marine was established, and the Justification Therefor

The British slogan, "freedom of the seas in the sense of equal treatment of all flags in all ports", embodies a clear, general principle - often flouted by nationalist governments, it is true: but nevertheless, valid. In it is embodied a realisation of the shipping industry's international

character and of its absolute dependence on the free movement of world trade. The presumption is that equal treatment is due to the ships of all nations unless in the given instance, some special circumstance justifies departure from it. British influence has been exercised in favour of this presumption everywhere, for just upon a century.

The truth is, nevertheless, that historically Britain did not acquire the greatest of all merchant fleets by close, or even qualified adherence to this principle. Her own mercantile marine was an artificial creation, largely fostered by the Navigation Act of 1651: which may quite fairly be described as Protector Cromwell's defiance of the British slogan here quoted.

Passed with a view to challenging the maritime supremacy which the Netherlands then enjoyed, this Act with occasional amendments was kept in force for very nearly two centuries. Of its provisions, Alexander Pulling ("The Shipping Code", 1894) has written:

> "Under the form the Navigation Acts had assumed in 1847 no produce of Asia, Africa or America could be imported for consumption into the United Kingdom from Europe in any ships, the object being that the trade should be direct and in British bottoms. The whole of the coasting trade of the United Kingdom was restricted to British ships and the colonial trade was prohibited to all foreign ships, unless under the sanction of a special order-in-council."

We may well ask, Was a measure such as this capable of being justified on broad grounds of the national interest?

In fact it was defended thus, by the most liberal of all eighteenth century writers on public affairs. Just when the revolt of the Thirteen Colonies created, in 1776, an irreparable breach in the system buttressed by these regulations, the great Apostle of Free Trade, Adam Smith, analysed the consequences of the Navigation Act for the British people themselves.

He compared its provisions to the vexatious customs duties which were at that time everywhere impeding British trade, of which he then wrote:

> "Such taxes, when they have grown up to a certain height, are a curse equal to the barrenness of the earth and the inclemency of the heavens."

Smith described the Navigation Act as "not favourable to foreign commerce, or to the growth of that opulence which can arise from it." In other words, considering the statute on economic grounds, he condemned it outright.

But in those seventeenth and eighteenth century days, under the continuous threat of war, Britain's merchant fleet was more than a mere means of trading across the seas. As well, it was the foundation on which rested the strength of the Royal Navy: for which it served always as a nursery, both of seamen and, seamanship.

The larger the merchant fleet, the greater the resources of men and ships, on which the Navy could depend: and vice versa.

Thus, the maintenance by means of an artificial device, the Navigation Act, of a British merchant fleet, considerably larger than it would have been otherwise, though costly to the people of Britain from an economic standpoint, was an element of great importance in the defence plans of the British Isles.

No person recognized this fact more readily, than did Adam Smith who having declared, on economic grounds:

> "The Act of Navigation is not favourable to foreign commerce, or to the growth of that opulence which can arise from it" -

nevertheless expressed his final judgement on it, as follows:

> "As defence, however, is of much more importance than opulence, the Act of Navigation is, perhaps, the wisest of all the commercial regulations of England."

It is a matter of record that when (subject to temporary reservation of the coasting trade), the Navigation Act was repealed in 1849, not only did Britain enjoy command of the seas, but also the merchant fleet of Britain, thus carefully fostered for two centuries, over-shadowed all foreign merchant shipping. A very large part of the commerce of all nations was already being carried in British vessels.

Under the leadership of Britain, tariffs were being reduced everywhere - each year, ocean trade tended to become more active. Furthermore, the successful competition against wooden ships driven by sail, of iron ships driven by steam, gave temporarily to the shipyards of Britain, something like a monopoly.

Within two decades, there were more than 1,200,000 tons of steam shipping under British registry. The United States had less than 200,000 tons, of shipping in foreign trade. France had scarcely more than 150,000 tons. Not one of the remaining countries had so much as 100,000 tons.

Thus from the days of Oliver Cromwell to the days of Sir Samuel Cunard (and for a long while thereafter), did Britain succeed in "making the best of both worlds".

We have digressed, thus far, into the field of British commercial policy, for the simplest of reasons. Our plea, that Canada's coasting trade may be reserved from henceforth to vessels built and registered in Canada, rests on exactly the same ground as Adam Smith's own defence of the Navigation Act.

There is no doubt that merchant vessels can be built elsewhere, more cheaply than they can be built in Canada. We will admit that the proposed reservation of Canada's coasting trade is not, in Smith's phrase, necessarily the measure most "favourable to the growth of opulence".

We do nevertheless maintain, because our own shipbuilding industry, vital to the defence in wartime of the still free nations, cannot be kept in being otherwise than by reservation of the coasting trade: and also because "defence is of much more importance than opulence", that the vital joint interest of Britain and of Canada now requires that this be done.

15. The Fashion in which the British Commonwealth Merchant Shipping Agreement has served its Prime Purpose since 1931

Just as originally the term "British subject" covered, without distinction between one man and another, "all persons born within His Majesty's dominions and allegiance" (and therefore, at common law, British subjects as far apart as Melbourne and Quebec enjoyed a common citizenship), so did the term "British" apply to merchant vessels, no matter where "within His Majesty's dominions and allegiance" those vessels might be registered individually.

Till not very long ago, the British subject anywhere, exercising his rights of citizenship, moved as he pleased or could afford to move, freely, within British territory. Wherever he might find himself, his rights were the same, as those of the men and women among whom he might choose to live. The British merchant ship possessed an identical freedom of movement within the same territorial limits.

Nowadays, each of the many self-governing countries within the British Commonwealth of Nations has established its own citizenship - has laid down certain qualifications which immigrants, no matter whether or not they may come from another part of the British Commonwealth, must fulfil before acquiring citizenship in the land of their adoption.

In respect of persons, the new situation is by now taken for granted. In respect of ships, the language used in drafting the British Commonwealth Merchant Shipping Agreement (1931) recognizes explicitly, the same state of affairs. The twenty-fourth Article provides that the Government of any Part of the Commonwealth may withdraw subsequently to December 1936, by giving twelve months notice beforehand of its intention to do so.

Today nevertheless this Agreement, in its twenty-fourth year, still is in effect.

When it was originally signed, business everywhere was in a state of extreme depression. In Britain there were several millions of unemployed workers. Britain herself had just been forced, by circumstances, to give up the Gold Standard - in New York, the pound sterling had already lost one-third of its former exchange value.

Ships were then being laid up, in all the great ports of the British Isles. Many shipyards in Britain were inactive. Plans were afoot to "rescue" the shipbuilding industry, by dismantling (in part, at the public expense) some of the distressed shipyards.

The terms of the British Merchant Shipping Agreement suggest that its purpose was to retain for merchant vessels, sailing out of Britain, the power to compete for dollars and other currencies, in the coasting trade of the British Dominions oversea.

There is no doubt that during the subsequent eight years till World War II began (that is, during a period when the need of Britain for the currencies of other countries was extreme), the British merchant marine - and thus, of course, the United Kingdom - benefitted thereby.

Britain suffered continuously, during those years, from a shortage of dollars. But for this Agreement, the shortage would have been still more embarrassing.

Similarly, during the post-war years when Britain's need for dollars was very much acute, than it had been prior to 1939, the presence of some - not many - British vessels in Canada's coasting trade must have eased somewhat the strain on her international accounts.

During these post-war years, both the Canadian Government and also many Canadian citizens on their own initiative, have been at great pains to divert our business in the direction of Britain, for the stated purpose of strengthening her economy. The solicitude for Britain's plight, which impelled them to do so, doubtless justifies without further need of argument, Canada's adherence, thus far, to the British Commonwealth Merchant Shipping Agreement.

But it has never been suggested in Britain, or in Canada, that trading policy should be shaped in permanence, for the purpose of providing the people of Britain or anywhere else with dollars, of which they would not normally become possessed, as the result of their own unaided effort.

Nor is there any longer that shortage of dollars in Britain, which for years after World War II, formed the background of discussion whenever British and Canadian delegations met for the joint

consideration of trading policies.

"Maritime Transport" (a Study by the Maritime Transport Committee, O.E.E.C.), published at Paris in September 1954, discusses the contribution of shipping to the total balance of external payments in eighteen countries, during 1953: and states in part (I, B. Shipping as an Item in the Balance of Payments, pp. 11-13):

> "9 ... The United Kingdom's figures for shipping do not include tanker freights and disbursements but do include disbursements by foreign ships in United Kingdom ports, even so the figures represent almost 10 per cent of her total income from foreign trade. If it were possible to include earnings from tankers the United Kingdom's shipping balance would be considerably increased."

In that year, Britain's total expenditure abroad on current account was reported to be $10,249 millions. Britain's receipts from abroad on account of maritime transport, not including anything earned by tankers aggregating more than 4,500,000 gross tons, amounted to no less than $1,036 millions.

Today Britain's self-interest, in assuring the maintenance of an efficient North American shipbuilding industry, must many times outweigh the need (doubtless still present - but on a much smaller scale than hitherto) for such additional dollars as a minute proportion of her merchant vessels, engaged from time to time in Canada's coasting trade, otherwise might earn.

This very large amount was earned in 1953, despite the relatively low level of dry cargo freight charges prevailing at the time: and of course, because of the very rapid growth in the volume of seaborne trade, ever since 1948.

16. Present Policies by means of which the Volume of Shipbuilding is being maintained in the United States

It has long been recognized in Washington that the merchant fleet and shipyards of the United States are, and must remain an integral part, not of the national defence only, but on a world-wide scale, of the defences of freedom.

But the practical problems of ship operation and ship construction, which must be solved so that the required tonnage of shipping and capacity to build more ships shall be maintained at all times, are continental in their scope.

The levels of salaries and wages paid on United States vessels and in United States shipyards are necessarily related to the levels of salaries and wages paid elsewhere in U.S. industries. That is to say, both operation of U.S. vessels and the building of ships in U.S. yards require scales of pay much higher than are to be found anywhere on other continents - higher even, than can be found in Canada.

Ever since the foundation of the Republic, Congress has been faced by questions, very like those which now confront this Commission.

As far back as 1817, by statute, Congress restricted U.S. coast-wise trade to ships of U.S. registry.

The recent report on Maritime Subsidy Policy, which we have already quoted at an earlier stage in our own argument, states in this connection:

> "The policy of reserving the domestic water-borne commerce of the United States to vessels built in the United States and owned and operated by United States citizens is as old as the United States Government itself. This policy has justified itself over the reach of the years by providing the United States during national emergencies with a substantial number of vessels of various types ... In view of current international conditions and the essentiality of shipping to our military needs and our civilian economy this policy should not be discontinued. United States-flag ships engaged in the domestic trade are of special significance in a national emergency, since they are immediately available." (p. 81)

But in the light of recent United States experience, Congress has also seen fit to do much more than this. The guiding principle, embodied in a series of complicated measures, on which we shall not dwell, is described as follows, in the report on Maritime Subsidy Policy:

> "The Parity Concept
> "The declared shipping policy of the United States is to foster the development and encourage the maintenance of privately-owned and operated merchant marine adequate for the commercial and defence needs of the nation. In recognition of disadvantages faced by the American shipping industry in competition with foreign-flag ships, the Merchant Marine Act, 1936, provides for assistance to the industry in the form of operating and construction subsidies. The basic principle of this assistance is parity, i.e., to grant subsidy when required to equate approximately American shipping companies' costs of construction and operation with those of their foreign competitors." (pp. 82 and 83).
>
> Operating-Differential Subsidy is described as follows:
>
> "The Merchant Marine Act, 1936, authorizes the Federal Maritime Board to consider the applications of citizens of the United States for financial aid in the operation of a vessel on an essential United States foreign trade route ...

> "Operating-differentials represent the percentages by which the costs of operating a United States-flag vessel with a United States crew exceed the equivalent costs of operating the same vessel with a foreign crew by the foreign competitor under the registries of the competitive foreign countries." (p. 94)

Congress has thus ensured that a substantial tonnage of United States merchant shipping shall remain on ocean trade routes: and has used many devices from the so-called United States Cargo Preference Provisions (in various Acts of Congress and the so-called Public Resolution 17), to tax benefits for which United States operators may qualify; mortgage aid and mortgage insurance aid; and as well trade-in provisions, for ship owners ready to discard old, and anxious to buy new merchant vessels.

These policies, of course costly to taxpayers of the United States, have succeeded in so far as they have kept on ocean trade routes a large tonnage of United States merchant ships which otherwise would have disappeared years ago from these routes.

As well, these policies have provided U.S. shipyards with a very much larger volume of ship repairs than would have come to them otherwise.

The Report describes as follows, the Construction Differential Subsidy:

> "The Federal Maritime Board is authorized to grant "construction differential subsidy" aid to citizens of the United States in the construction of new vessels to be used in the foreign commerce of the United States.
>
> "This construction-differential subsidy aid may equal but not exceed the excess of the bid of the shipbuilder constructing the proposed vessel in an American shipyard over the fair and reasonable estimate of cost, as determined by the Board, of the construction of the proposed vessel if it were constructed under similar plans and specifications in a foreign shipbuilding center which is deemed representative by the Board ... The construction differential subsidy cannot exceed 33 1/3 per cent of the American construction cost of the vessel (excluding the cost of national defence features) except that in cases where the Board possesses convincing evidence that the actual differential exceeds that percentage, it may grant an allowance not to exceed 50 per cent.
>
> "The plans and specifications of the proposed ship must receive Navy Department approval." (p. 85).

Thus in principle, the difference between the cost of building ships in United States yards, and that of building similar ships abroad, for some time past has been and is, at present, offset by the payment out of public funds (in effect, to the shipyard), of a sum equal to that difference.

In the course of time, the subsidy provisions have actually been broadened. The Report continues:

> "While under the Act as passed in 1936 such aid was limited to vessels to be used on an essential service, route or line in the foreign commerce of the United States, amendments passed in 1952 authorized the granting of such aid in connection with the construction of any vessel to be used in the foreign commerce of the United States." (p. 85).

As a result of all these policies, in their totality, the merchant fleet owned in the United States (this figure does not include vessels on the Great Lakes), had a total gross registered tonnage of more than twenty-five millions, in 1953.

It was, and doubtless still is much the largest of all merchant fleets: larger than the combined tonnage of the British and Norwegian merchant fleets - the two next largest.

We have already noted that the volume of construction, being carried on in the shipyards of the United States, is today very modest. Nevertheless, by means of the many devices which are used to bolster the shipping, and shipbuilding industries of the United States, these yards are at least assured of a certain minimum of orders, in perpetuity.

The nucleus, the flexible and efficient working force which is the shipyard's essence (and indeed, raison d'être) will not be scattered.

In some cases, the burden on taxpayers in the United States, which these complex policies involve, is direct and capable of being estimated. But in many more cases, this burden is indirect: thus, incapable of being estimated. Moreover, the contents of the public purse are pledged in advance by legislation which directs that in future such-and-such payments shall be made under such-and-such conditions, without reference to the total which these payments will reach, finally.

Such measures, perhaps, can only be taken by the richest of all nations. The citizens of other, still free lands may rejoice, nevertheless, that the richest of their neighbours, now possessing both the greatest naval armament and the largest merchant fleet, is willing to bear so great a burden, from which all of us benefit.

By comparison with that burden, so bravely borne on the shoulders of Uncle Sam, the request which we now make has at least the merits: (a) that it will cost Canada little - or perhaps, nothing at all; (b) that nothing could be simpler.

17. THE CONDITIONS WHICH WE NEED NOW TO FULFIL, SO THAT CANADA SHALL POSSESS ADEQUATE FACILITIES FOR SHIPBUILDING

The Second Report of the Canadian Maritime Commission reviews admirably the vicissitudes of our shipping and shipbuilding industries from Canada's early days.

> "From 1763 onwards the shipbuilding industry expanded in Quebec, Nova Scotia and New Brunswick, each of which possessed an abundance of timber suitable for both shipbuilding and export. In 1810 there were fifty-four Quebec-built vessels on the local register. The majority of the larger sailing vessels built between 1800 and 1840 were loaded with timber and despatched to the United Kingdom to be sold. Of one hundred and fifty-six vessels of 500 tons and over registered in Liverpool, England, in 1843, one hundred and thirty-six had been built in Canadian shipyards .
>
> "Between 1850 and 1860 shipbuilding became one of Canada's major industries.
>
> "... More than half the population of the City of Quebec depended for their livelihood on shipbuilding." (p.11)

Mention has already been made of the curious coincidence in time, between Britain's repeal of the Navigation Act, in 1849, and the replacement of the sailing vessel built of wood by the steamship built of iron (or subsequently, steel), which occurred immediately thereafter.

The Commission concisely records that:

"In the latter part of the 19th century both industries declined due to the large scale production of steel for shipbuilding in the United Kingdom. With the exception of coastal and inland shipping, by the time that the first world war began, both industries had practically ceased to exist in Canada". (p.7)

Thus when in December 1912, the Government of Canada proposed to Parliament that this country contribute three large warships to the Grand Fleet, as an assurance against the danger of attack on Canada by the German Empire (a proposal which was not destined ever to be carried out in this fashion), the then Prime Minister, Mr. (subsequently Sir) Robert Laird Borden, somewhat plaintively said (House of Commons Debates, 5th December 1912):

> "Where shall these ships be built? They will be built under Admiralty supervision in the United Kingdom, for the reason that at present there are no adequate facilities for constructing them in Canada."

But it was not part of the Government's intention that this country should become dependent in permanence, on any shipbuilding facilities in existence, elsewhere than in Canada.

The Prime Minister continued:

> "According to my conception, the effective development of shipbuilding in Canada must commence with small beginnings and in a business-like way. I have discussed this subject with the Admiralty, and they thoroughly realise that it is not to the Empire's advantage that all shipbuilding facilities should be concentrated in the United Kingdom."

It will be recalled that on the main question, Whether Canada should contribute directly to the strength of the Grand Fleet or not, a bitter controversy developed between the then Government and Opposition. But as to the source from which Canada should ultimately procure ships of war, there was never disagreement between the Parties.

Speaking on this question, Sir Wilfrid Laurier said (House of Commons Debates, 12th December 1912):

> "Wherever, in the distant seas, or in the distant countries in Australia, Canada or elsewhere — a British ship has been removed to allow of concentration in European waters , that ship should be replaced by a ship built, maintained, equipped, and manned by the young national immediately concerned... This is the Australian policy, this ought to be the Canadian policy."

His amendment to the Government Resolution, proposed on this occasion, ran as follows:

> "That any measure of Canadian aid to the Imperial naval defence which does not employ a permanent policy of participation by ships owned, manned, and maintained by Canada and contemplating construction as soon as possible in Canada, is not an adequate or satisfactory expression of the aspirations of the Canadian people in regard to the naval defence, and is not an assumption by Canada of her fair share in the maintenance of the naval strength of the Empire."

The present Royal Canadian Navy, for the most part (but not yet altogether) built in Canada, thus is an expression of the purpose animating both great Parties in Parliament, during the strenuous early debates of 1912.

The basic conception which underlies Canada's present naval policy thus can be traced in a continuous thread, nearly to the beginning of the present century.

Today this conception is expressed in those ships presently manned and operated by the Royal Canadian Navy, which have been built for our naval needs in Canadian shipyards. The decision of the Government when the new naval building programme was adopted, to place orders for the ships in Canadian yards (except for the largest of them all, an aircraft carrier now being built in Northern Ireland), doubtless has done more to create in these yards a standard of workmanship which (we believe) is at present unsurpassed elsewhere, than they could have attained otherwise.

In another World War, we must be ready forthwith: (a) to build naval vessels for protection of our deap-sea shipping lanes from the menace of under-sea warfare; (b) to build vessels in quantity for the carriage, on a vast scale, of men and critical materials to theatres of war; and (c) to repair our own and allied naval and merchant ships, damaged in action at sea.

Those yards which are situated in seaports close to the Pacific or Atlantic Great Circle Routes, must be capable of undertaking with a minimum of notice and completing in their own docks, or dry-docks, any repair work whatever, which may result from hostilities. In wartime, such yards may discover that the swift repair of damaged warships and merchant vessels, of any size including the largest, is their principal function. Much will depend on their capacity to do this work well, and fast.

Canadian yards in ports distant from these Great Circle Routes must be capable of building (and if necessary, designing) both warships and merchant vessels perhaps on a scale of numbers and tonnage not yet imagined. It is part of the strength of Canada that some of these yards are situated deep within the continent, as much as 2,000 miles from an ocean outlet.

It is to the need for maintaining such an industry, capable of rapid expansion to meet mobilisation requirements, that the Commission's chief attention is now directed.

The terms of reference, outlined in P.C.1955-308, within which we make our present submission, related only to the coasting trade of Canada. The plea which we now make is that this may be reserved henceforward to ships built and registered in Canada; and that the procedure necessary to this end, in terms of the British Commonwealth Merchant Shipping Agreement of December, 1931, may be taken in due course.

We believe that in order that a Canadian shipbuilding industry may survive, on the necessary scale and possessed of the necessary skills to discharge these high responsibilities, the coasting trade of Canada needs must be reserved for ships built in Canada.

We do not delude ourselves that survival of this industry can be secured, merely by reserving the coasting trade of Canada for vessels built and registered in Canada.

In order that the Canadian shipyards, both on our sea coasts and on the shores of our inland waters, may remain, in time of peace, active, efficient and capable of swift expansion to meet a sudden, grave emergency, they need both Government orders (for warships, from the Department of National Defence, for specialised vessels of many kinds from other Departments of Government) and also, such a steady stream of orders for merchant vessels as (in our high cost North American economy) cannot be got otherwise than either by means of Government subsidies (which we have not requested), or else by the reservation of Canada's coasting trade.

Therefore we now plead only for the reservation of the coasting trade: not as a panacea (which it is not) — but as one of the methods, and an economical method of securing this vital, national objective.

18. RECAPITULATION OF THIS ARGUMENT

(1) Necessarily, the cost of building merchant vessels in North American shipyards (including the Canadian yards), is greater than the cost of building similar ships elsewhere.

(2) In any case, the decisive questions are concerned with matters other than the present, or prospective cost of building, or operating ships in Canadian waters.

Alike from the Canadian, and also from the British standpoint, what matters most is the maintenance in being of an efficient North American shipbuilding industry, capable of swift expansion at any time, against the real danger that another World War may some day be launched on us. Our chief concern is thus, not with a little more or less to be charged for cargo shipped currently, but with the means of defence, and capacity to survive henceforward, on which not only Canadians, but free men everywhere must depend. Among our principal means of defence, is our capacity to build ships fast , and in great numbers.

(3) Twice within living memory, commerce raiders and submarines, roaming whole oceans, have sunk vast amounts of merchant shipping. In each World War, millions of tons were destroyed thus. Twice have the shipyards of North American played their part in defeating this evil, by building ships faster than our enemies could sink them.

In a Third World War, not ended instantly by the knockout of one or both contestants, the same need to build speedily, millions of tons of merchant vessels, will confront the free maritime nations, as faced them both in World War I and World War II: but on a scale even larger than before. The fact must be faced that a potential enemy will be armed with the hydrogen bomb. With an enemy thus armed, we cannot expect that U.K. shipyards could even approach the shipbuilding contribution in World War III which they made in World War II.

(4) Thus it is vitally necessary to the survival of freedom, that there shall be maintained on this continent (by whatever means may be necessary), the capacity to build fast, both warships and merchant vessels, not only to replace the losses in vast quantities, which a Third World War would involve, but also to provide the tonnage additionally needed in wartime, for victory.

(5) This consideration is freely recognized, in the two countries most closely linked with Canada. British statesmen frankly concede that without this capacity to build quickly, vessels of all kinds in the shipyards of North America, freedom would not have survived in the past, could not survive in the future.

(6) To this end, of maintaining capacity to build, a programme is being carried out by the Government and people of the United States at vast expense.

(7) We do not propose a similar programme for Canada. So far, the shipyards of this country (greatly beholden to the Royal Canadian Navy, for orders placed here) have also sought and obtained orders for merchant vessels, wherever they might be got. But now there are likely to be few foreign orders for ships subject to quick delivery.

Moreover, nowadays few ships on Canadian registry still traverse ocean routes. Thus (apart from such orders for ships of war, as may from time to time be placed in Canadian yards) there is not much work or prospect of work for the Canadian shipbuilder, other than repair work and orders for new vessels, to serve in coasting trade.

We therefore ask that, henceforth, Canada's coasting trade be reserved for ships built and registered in Canada.

(8) Our submission is, that if the necessary volume of orders for merchant vessels cannot be now procured by Canadian shipyards, those yards cannot long survive.

TABLE I

Number of Persons Employed, and Value of Production by Canadian Shipyards since World War II

Year	Average Monthly Employment	Value of Ships Built	Value of Ship Repairs	Total value of Shipbuilding and Repairing
		millions	millions	millions
1945	35,495	$132.0	$31.8	$163.8
1946	16,399	30.0	24.1	54.1
1947	17,135	44.5	27.7	72.2
1948	15,278	87.3	22.6	109.9
1949	9,831	31.7	18.0	49.8
1950	8,530	26.3	17.1	43.4
1951	12,033	12.9	24.3	37.2
1952	17,187	42.0	37.8	79.7
1953	19,630	44.4	51.1	95.5
1954	15,500	-	-	-
1955				
Jan.	12,234	-	-	-
Feb.	12,385	-	-	-
Mar.	12,951	-	-	-
Apr.	12,837	-	-	-

Source: Canadian Maritime Commission. The term "Repairs" includes conversion.

TABLE II

Canada: Number of Persons Employed in Shipbuilding and Ship Repairing Yards, 1938-1944.

Year	Average Number
1938	3,372
1939	2,615
1940	5,800
1941	16,319
1942	37,931
1943	50,529
1944	43,578

Source: Dominion Bureau of Statistics. These figures were reported to the Bureau by 17 shipyards, then active.

TABLE III

Deliveries of Ships by Canadian Yards, 1943-1953

	Naval Vessels		Commercial Vessels	
Year	Number	Displacement Tonnage	Number	Gross Tonnage
1943	78	73,000	148	1,390,400
1944	85	86,800	96	910,713
1945	19	21,715	48	411,100
1946	-	-	36	60,225
1947	-	-	34	88,730
1948	-	-	44	130,689
1949	-	-	16	55,560
1950	3	-	10	29,168
1951	2	-	1	9,060
1952	3	-	8	82,367
1953	6	-	7	47,001

TABLE IV

Merchant Shipbuilding in the United Kingdom, 1939-1953.
(Output of Vessels of 100 gross tons and over.)

Year	Number	Gross Tonnage
1939	201	630 thousand tons
1940	172	801 thousand tons
1941	240	1,192 thousand tons
1942	258	1,302 thousand tons
1943	237	1,201 thousand tons
1944	269	1,013 thousand tons
1945	238	743 thousand tons
1946	283	987 thousand tons
1947	293	949 thousand tons
1948	332	1,221 thousand tons
1949	332	1,361 thousand tons
1950	302	1,376 thousand tons
1951	240	1,343 thousand tons
1952	234	1,271 thousand tons
1953	220	1,223 thousand tons

Source: Central Statistical Office of the United Kingdom, "Annual Abstract of Statistics"; 1935-1946, page 157; and 1954 edition, page 153.

TABLE V

Merchant Shipbuilding in the United States, 1940-1953.
(Vessels of 100 gross tons and Over, launched in the U.S.)

Year	Thousands of Gross Tons Launched
1940	579
1941	1,035
1942	5,671
1943	11,580
1944	9,339
1945	5,968
1946	501
1947	165
1948	126
1949	633
1950	437
1951	166
1952	468
1953	528

Source: Statistical Abstract of the United States, 1954, page 615, and 1952, page 554.

TABLE VI

Shipping Losses during World War II.
(Yearly totals of Losses, British, Allied and Neutral, by Enemy Action)

	British		Allied		Neutral		Total	
Year	No. of Ships	Gross Tons	No. of Ships	Gross Tons	No. of Ships	Gross Tons	No. of Ships	Gross Tons
1939	95	417,421	-	-	-	-	-	-
1940	548	2,435,667	-	-	-	-	-	-
1941	772	2,883,189	298	1,149,203	71	207,889	1,141	4,190,281
1942	656	3,454,430	838	3,991,774	76	251,701	1,570	7,697,905
1943	278	1,521,649	282	1,637,170	37	61,318	597	3,220,137
1944	112	480,949	83	544,081	10	10,599	205	515,119
1945	49	193,160	54	242,952	2	2,709	105	438,821

Source: Appendices of the Six Volumes on the Second World War, by Sir Winston Churchill.

TABLE VII

The Coastal and International Water-borne Trade of Canada.

I: Coastal Trade

	1952	1953
Cargoes loaded	27,574,000 tons	28,574,000 tons
Cargoes unloaded	30,870,000 tons	32,467,000 tons
	58,444,000 tons	61,041,000 tons

Source: D.B.S. "Shipping Report"; 1952, page 165, and 1953, pages 159 and 161.

II: International Trade

	1952	1953
Cargoes loaded	32,565,000 tons	32,202,000 tons
Cargoes unloaded	38,756,000 tons	38,692,000 tons
	71,321,000 tons	70,894,000 tons

Source: D.B.S. "Shipping Report; 1952, pages 43 and 63, and 1953, pages 55 and 83.

TABLE VIII
Canadian Flag Participation in the Carriage of Canada's Oversea Trade.

(Dry Cargo only: Trade with or via United States not included)

	1947	1948	1949	1950	1951	1952
Total Dry Cargo: Exports from Canada (in thousands of tons)	16,327	15,168	17,046	15,432	21,570	25,814
Amount Carried:						
-in Canadian Flag Ships	3,298	2,715	2,318	1,528	1,704	1,652
-in U.K. Ships	7,380	7,023	7,347	7,531	8,757	9,138
-in Ships of Other Flags	5,649	5,430	7,381	6,373	11,109	15,024
Percentage Carried:						
-in Canadian Flag Ships	20.2%	17.9%	13.6%	9.9%	7.9%	6.4%
-in U.K. Ships	45.2%	46.3%	43.1%	48.8%	40.6%	35.4%
-in Ships of Other Flags	34.6%	35.8%	43.3%	41.3%	51.5%	58.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Seventh Report of the Canadian Maritime Commission, 1954, Table V.

TABLE IX

Representative Group of Suppliers of Machinery, Equipment and Materials for the Shipbuilding and Ship Repairing Industry.

Iron and Steel Products	
John Inglis Co. Ltd.	Toronto, Ont.
Dominion Engineering Co. Ltd.	Lachine, Que.
Dominion Foundries & Steel Ltd.	Hamilton, Ont.
The Steel Co. of Canada Ltd.	Hamilton, Ont.
Algoma Steel Corporation Ltd.	Sault Ste. Marie, Ont.
Dominion Steel and Coal Corporation Ltd.	Montreal, Que.
Atlas Steels Ltd.	Welland, Ont.
Foster Wheeler Ltd.	St. Catharines, Ont.
Darling Brothers Ltd.	Montreal, Que.
Canadian Ingersoll-Rand Co. Ltd.	Montreal, Que.
A.E. Watts Ltd.	Montreal, Que.
Peacock Brothers Ltd.	Montreal, Que.
Dominion Bridge Co., Ltd.	Montreal, Que.
Babcock-Wilcox & Goldie-McCulloch Ltd.	Galt, Ont.
Canadian Fairbanks-Morse Co., Ltd.	Montreal, Que.
Robert Mitchell Co. Ltd.	Montreal, Que.
Canada Wire & Cable Co. Ltd.	Toronto, Ont.
The B. Greening Wire Co. Ltd.	Hamilton, Ont.
Dominion Wire Rope & Cable Co. Ltd.	Montreal, Que.
Wm. Kennedy & Sons Ltd.	Owen Sound, Ont.
Canadian Blower & Forge Co. Ltd.	Kitchener, Ont.
Combustion Engineering Corporation Ltd.	Montreal, Que.
Canadian Ice Machine Co. Ltd.	Toronto, Ont.
Carrier Engineering Ltd.	Toronto, Ont.
Empire Brass Mfg. Co. Ltd.	London, Ont.
T. McAvity & Sons Ltd.	Saint John, N.B.
The James Morrison Brass Mfg. Co. Ltd.	Toronto, Ont.
Crane Ltd.	Montreal, Que.
Jenkins Bros. Ltd.	Montreal, Que.
Frank Ralphs Ltd.	Montreal, Que.
Grinnell Co. of Canada Ltd.	Toronto, Ont.
Electrical Apparatus & Supplies	
Canadian General Electric Company Ltd.	Toronto, Ont.
Canadian Westinghouse Co. Ltd.	Hamilton, Ont.
Canadian Marconi Company	Montreal, Que.
Kondu Manufacturing Company Ltd.	Preston, Ont.
Northern Electric Co. Ltd.	Montreal, Que.
Non-Ferrous Metal Products	
Aluminum Co. of Canada Ltd.	Montreal, Que.
Walter Kidde & Co. of Canada Ltd.	Montreal, Que.

Chemical and Allied Products	
The Sherwin Williams Co. of Canada Ltd.	Montreal, Que.
International Paints (Canada) Ltd.	Montreal, Que.
Brandram-Henderson Ltd.	Montreal, Que.
Products of Petroleum & Coal	
British American Oil Co. Ltd.	Toronto, Ont.
Imperial Oil Ltd.	Toronto, Ont.
Rubber Products	
Dominion Rubber Co. Ltd.	Kitchener, Ont.
Goodyear Tire & Rubber Co. Ltd.	Toronto, Ont.
Non-Metallic Mineral Products	
Atlas Asbestos Company Ltd.	Montreal, Que.
Canadian Johns-Manville Co. Ltd.	Toronto, Ont.
La-Salle Builders Supply Co.	Montreal, Que.
Miscellaneous Industries	
Canadian Liquid Air Co. Ltd.	Montreal, Que.
Heffernan Tiles Ltd.	Montreal, Que.

TABLE X

1953: Average Hourly Earnings in the Manufacturing Industries of Selected Countries.

Selected Country	In Local Currency	In Canadian Currency
United States	$1.77(U.S.)	$1.74
Canada	$1.36(Can.)	$1.36
Sweden	3.79 kronor	.72¢
Norway	Men - 4.28 kroner	Men - 59¢
	Women - 2.93 kroner	Women - 40¢
United Kingdom	41.7 pence	.48¢
Western Germany	1.63 marks	.38¢
France	124.1 francs	.35¢
Italy	168.93 lire	.27¢

Source: United Nations, "Statistical Yearbook, 1954", pages 390 and 391, using the rates of exchange reported on pages 418 and 420.

TABLE XI

A Comparison of the Average Rates of Wage Paid in Shipbuilding Industries in Canada and the United Kingdom

Canada: Average Weekly Wages and Salaries in "Shipbuilding and Repairing"

1949	1950	1951	1952	1953	October 1953
$46.98	$48.23	$53.68	$59.64	$62.91	$62.53

Increase from 1949 to October 1953 was 33.1%.

Source: D.B.S., "Annual Review of Employment and Payrolls, 1953", pages 53 and 54.

United Kingdom: Average Weekly Earnings in the Manufacture of "Engineering, Shipbuilding, and Electrical Goods".

1949		1950		1951		1952		1953	
Apr.	Oct.	Apr.	Oct.	Apr.	Oct.	Apr.	Oct.	Apr.	Oct.
129/2d	130/7d	133/3d	137/6d	145/5d	150/0d	161/1d	164/7d	171/10d	173/3
Average:	129/10½d		135/4½d		147/8½d		162/7d		172/6½d

Increase from 1949 to October 1953 was 33.4%.

Source: Central Statistical office of the United Kingdom, "Annual Abstract of Statistics, 1954", page 112.

Thus, neglecting exchange rates, wage rates in United Kingdom and Canadian shipyards were raised, percentage-wise, at about the same rate, during the four years from 1949 up to the Fall of 1953.

There is also the effect of the rate of exchange. In 1949, before devaluation of the pound, £1 sterling was the equivalent of $4.03 Canadian. Thus average weekly earnings of 129/10½d in England were the equivalent of $26.15 Canadian. The corresponding Canadian figure of $46.98 was therefore 80% higher.

In 1953, £1 sterling was the equivalent of only $2.7666 Canadian. Thus average weekly earnings of 172/6½d in England were the equivalent of $23.87 Canadian. Consequently in 1953 the corresponding Canadian figure of $62.53 was 162% higher than the English figure.

(Exchange rates here quoted are those reported in the Bank of Canada Statistical Summary).

TABLE XII

Canada: A Comparison of the Growth of Coastal and International Trade with Growth of the Physical Volume of the Gross National Product.

	Vessels Entered at Canadian Ports: In Foreign Service		In Coasting Service		Physical Volume of Gross National Product	
	Net Tons Registered (thousands)	Index Numbers (1926=100)	Net Tons Reg'd (thousands)	Index Numbers (1926=100)	Millions of 1935-39 Dollars	Index Numbers (1926=100)
1926	38,086	100.0	43,125	100.0	$4,548	100.0
7	40,986	107.6	45,382	105.2	4,926	108.3
8	46,451	122.0	49,047	113.7	5,330	117.2
9	44,706	117.4	43,667	101.3	5,337	117.3
1930	45,834	120.3	47,135	109.3	5,127	112.7
1	42,219	110.0	44,913	104.1	4,475	98.4
2	37,759	99.1	41,975	97.3	4,096	90.1
3	40,928	107.5	41,924	97.2	3,772	82.9
4	43,285	113.7	43,146	100.0	4,208	92.5
5	41,747	109.6	42,979	99.7	4,530	99.6
6	45,031	118.2	45,974	106.6	4,738	104.2
7	45,603	119.7	44,472	103.1	5,201	114.4
8	44,775	117.6	45,386	105.2	5,246	115.3
9	46,666	122.5	44,361	102.9	5,664	124.5
1940	32,580	85.5	50,471	117.0	6,487	142.6
1	31,452	82.6	48,111	111.6	7,481	164.5
2	25,641	67.3	43,991	102.0	8,941	196.6
3	26,346	69.2	40,301	93.5	9,374	206.1
4	28,357	74.5	43,776	101.5	9,721	213.7
5	29,656	77.9	48,098	111.5	9,315	204.8
6	30,367	79.7	45,559	105.6	9,045	198.9
7	35,926	94.3	51,824	120.2	9,165	201.5
8	39,443	103.6	52,453	121.6	9,438	207.5
9	40,088	105.3	56,037	129.9	9,722	213.8
1950	42,817	112.4	56,067	130.0	10,330	227.1
1	47,508	124.7	60,803	141.0	10,935	240.4
2	52,156	136.9	56,777	131.7	11,646	256.1
3	56,589	148.6	67,417	156.3	12,090	265.8

TABLE XIII

Disposition of Canadian Great Lakes and Coastal Fleets by Country of Build as of March 31, 1950.

Steamers and Motorships (300 gross tons and over)

Country of Build	Upper Lakers		Canallers		St. Lawrence & Atlantic Coast		Pacific Coast		Totals	
	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons
Canada	19	120,068	51	87,119	46	48,917	12	20,929	128	277,033
U.K.	6	16,923	112	210,492	14	17,160	20	55,461	152	300,036
U.S.A.	39	176,591	26	34,956	13	19,069	2	2,006	80	232,622
France	-	-	3	3,739	1	1,122	-	-	4	4,861
Norway	-	-	-	-	-	-	1	591	1	591
Germany	-	-	-	-	2	2,806	-	-	2	2,806
Total	64	313,582	192	336,306	76	89,074	35	78,987	367	817,949

Source: Canadian Maritime Commission.

TABLE XIV

Average Hourly Earnings in the Shipbuilding and Ship Repairing Industries of Selected Countries.

United States	$(U.S.)2.19	Feb. 1955
United Kingdom	0.605	Mar. 1955
Germany	0.471	Nov. 1954
Holland	0.442	Jan. 1955
Italy	0.42	Dec. 1954
Japan	0.288	Jan. 1955

Source: Maritime Administration, U.S. Department of Commerce, Washington. The figure for Holland is for the metal industry which includes shipbuilding; the figure for Japan is for the transportation equipment industry, which also includes shipbuilding.

THE CANADIAN FAIRBANKS-MORSE
Company Limited
980 St. Antoine Street
Montreal 3.

June 29th, 1955.

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada.

Attention: Mr. G.G. McLeod,
S E C R E T A R Y.

Dear Sir:

In your deliberations in connection with the Royal Commission on Coasting Trade under the terms of reference from Order-in-Council PC-1955-308 dated March 1st, 1955 we respectfully request that you consider this Company to be in favour of the necessary revision to existing legislation, that will limit Coasting Trade between one port in Canada and another port in Canada to those vessels built and registered in Canada, and powered and furnished, insofar as is possible, with Canadian made equipment.

Our references to Coasting Trade above and following, includes, as the Commission intends, Great Lakes shipping, Coastal shipping and all Marine Trade directly between two or more Canadian ports.

As the Commission has set up terms of reference for this inquiry, we comment generally on each before being specific on that part of the problem of most interest to our Company.

COMMISSION REFERENCE:

a) Coasting Trade of Canada, which forms a large percentage of all Canadian shipping, could be a great stimulant to Shipbuilding. However, it comprises only a small percentage of the total shipping of foreign registered vessels, and we feel that, as we have the right to control it, we should preserve for ourselves that which rightfully belongs to us. The gain to Canadian shipping and shipbuilding would be far greater than the loss to any other country presently sharing our Coasting Trade with us.

b) The St. Lawrence Seaway, in our opinion, will increase Coasting Trade greatly and in so doing, require many new ships to be built.

c) The laws governing our Coasting Trade, are ours to decide, and especially in view of the precedent set by other countries in Marine as well as in other means of transport, a move to restrict our Coasting Trade to our own ships, would hardly be met with surprise or censure from other countries.

d) The basic necessity for restricting Coasting Trade to Canadian ships, in our opinion exists, and should apply throughout the territorial limits of Canada. Power should be retained however, within the Act, to grant permits to other than Canadian

ships to engage Coasting Trade in certain specified areas, should economic conditions, volume of trade and availability of Canadian ships in those areas, make it advisable.

The question, as we see it is - should we, by Government Legislation, force shipowners who wish to engage in Coasting Trade, to build and register their vessels in this country? It is self-evident that if we did, more Canadian ships would be built.

The quality of Canadian ships can be accepted as being at least equal to that of other countries, hence the question resolves itself from a National viewpoint to several factors in favour of and against restricting Coasting Trade.

P R O:

1. Continued and increasing employment for large groups of Canadians, varying from the most unskilled class to those of the highest technical level.

2. An operating shipbuilding industry for times of emergency.

3. Increased National product and revenue.

4. Increased National Prestige.

C O N:

1. Higher dollar cost to shipowner.

2. Possibility of increased cost on Coastal Transport.

3. Remote possibility of retaliatory action by Foreign or Commonwealth countries or detrimental relationships with them.

DISCUSSION ON ABOVE PROS AND CONS:

PRO NO. 1

The desirability and necessity from a National standpoint of providing employment by maintaining a healthy shipbuilding industry for Canadians is too obvious to be laboured here. So also is the fact that such a diversified industry as shipbuilding with its associated works, exists as a storehouse of skills and techniques for Canada's expanding economy.

PRO NO. 2

The necessity of preserving the co-ordinated potential for building and repairing ships and their machinery in War time, has twice before been recorded in a most permanent and expensive fashion.

PRO NO. 3

Every man-hour of labour provided by and for Canadians, and every pound of machinery and equipment produced in Canada adds to our

National Product and to the Revenue accruing to our Government for its works. The present and future requirements for new ships for Coasting Trade would make a very substantial contribution to those accounts, if built and equipped by, and with Canadian men and materials.

PRO NO. 4

Canada's Prestige at home and abroad is enhanced by a respectable Merchant Marine.

CON NO. 1

If we, as a Nation, accept the fact that the Canadian standard of living is higher than most other countries and that it should be maintained at this level or better, irrespective of the lower standards existing elsewhere, then parity in manufacturing or building costs with countries of lower living standards are impossible and should not be expected or sought. (Certain rare cases, where material resources or special production techniques exist may, by exception, prove this rule).

The price tag attached to a Canadian man-hour of labour or pound of National Product, provided it is used within the country, is of no particular consequence. An exchange of man-hours between ourselves being the only thing that is involved. The million dollar vessel built and equipped in Canada costs Canada less than the six hundred thousand dollar vessel built outside of Canada. Man-hours and material purchased outside Canada, when we have our own available, are a loss to us Nationally.

The higher cost to the shipowner for a Canadian ship is only warranted if it is mandatory for all Owners of ships engaged in Coasting Trade. In this way, the burden will be distributed evenly, not only among the Owners but eventually through all Canadians and outsiders as well.

We cannot rise very high on the "boot strap" theory, and we are not proposing that, but our policy is wrong if we approve of spending sixty cents an hour to employ a labourer elsewhere, and forty cents an hour to sustain the unemployed Canadian shipyard worker here, instead of putting our own man to work at one dollar per hour.

CON NO. 2

The cost of Coasting transport would be determined in part, by the cost of the vessels engaged in it, and in this way, Canadian owners will share their expenses with Canadian business while outside owners of Canadian built and registered ships will take home a little less per ton-mile than would otherwise be the case.

CON NO. 3

It is not hard to be popular if we play Santa Claus, but no country is effectively censured or criticized for taking the lion's share of its own resources. Our part of the St. Lawrence River, the Seaway, the Lakes and all our Coastline and the Trade that must go on between our Ports constitutes an important natural resource. The distribution or control of the revenue to be derived therefrom is Canada's business.

CONCLUSIONS:

To The Canadian Fairbanks-Morse Company Limited, and to all nationally minded citizens, a Canadian built ship is one that is built by one of our Canadian yards, and is fitted, as far as possible with Canadian made machinery and equipment.

With plant facilities and experience capable of building Canadian Marine Diesel Engines at a rate in excess of 150,000 Horsepower per year which would require 1,000,000 man-hours and produce enough Marine power for seventy-five (75) new, medium sized cargo vessels, we feel that Canadian ships for Canada is a must.

As pointed out earlier, cost comparison on a given unit available from two countries of widely different standards of living are useless. To aim for similarity in price structure in such a case, would be financial suicide, unless the National picture was adjusted accordingly.

Under present circumstances, Canadian yards and manufacturers and suppliers of ships' equipment, such as ourselves, frequently spend many costly hours developing a ship's design and estimating its cost, only to find at the conclusion of the work, that the cost of employing Canadian men with their high standard of living, and the materials they produce, prohibits their consideration.

Canadian ships and power plants cannot be produced competitively with those available from Foreign sources under the present economy. Being called on to work on proposed Canadian ships if Foreign hulls or machinery will be considered, is an expensive waste of time and effort. A waste moreover, that neither we, the shipyards, nor Canada can afford. If Canada is to continue to purchase or allow to be purchased, Foreign built or powered ships for Canadian waters, our yards and workshops and design offices must suffer the full consequences.

We said earlier that the quality comparison between our ships and Foreign built ships is very favourable to us. This has been proven over and over again by the many ships that have been built and powered in Canada, but with the absence of restrictions on the use of Foreign built ships, it is unreasonable to expect private enterprise to pass up the opportunity of the savings to be gained in British or European yards. Even our Canadian Government has seen fit to both build and power Government ships with other than Canadian equipment.

We mention only four of the contracts placed outside of Canada during recent months:

1. The Hall Corporation of Canada Limited, completely satisfied owners of many Canadian built ships, have now turned to England for two new vessels.

2. The C. P. R., after the design and estimating were completed in Canada, built and powered their new Vancouver-Nanaimo Ferry in the U.K.

3. Our Canadian Government placed the order for the Propulsion Machinery for the new Caribou - Wood Islands Ferry in Holland.

4. Consolidated Paper Company, with the design and estimating completed in Canada for a small Coaster, has had to go outside to take the advantage of the labour available in a country with a lower standard of living.

We have cited a few instances, many more could be added, and yet not one in such a list would be beyond the capacity of Canadian yards or machinery.

We are sure the deliberations of the Commission and the recommendations that are made to Government will be in the best interest of Canada, and we sincerely hope that our Shipbuilding and Machinery Industries will be developed and maintained at a level consistent with the rapid progress of Canada.

Yours very truly,

THE CANADIAN FAIRBANKS-MORSE COMPANY LTD.

"Geo. R. Wyer"
G.R. Wyer,
Executive Vice President.

GRW/MLG.

ST. LAWRENCE MUNICIPAL BUREAU

OF THE

CITY OF MONTREAL

A. FOREWORD

(1) The St. Lawrence Municipal Bureau is an official agency of the City of Montreal. It was created by the Civic Authorities for the express purpose of safeguarding the interests of the City and the surrounding Region consequent upon the construction of the St. Lawrence Seaway and related developments.

(2) Among the related developments in which the Bureau is interested is the effect the Seaway may have on the future of the Port and Harbour of Montreal and the general economic growth and development of the Montreal Region.

(3) In this connection, a brief background statement is in order:

The historic role which Montreal has played in the life of Canada can be attributed, in large part, to its strategic location on the St. Lawrence River. The fact that, for so long, it has been the head of ocean navigation and the converging point for inland lake and river shipping has been one of the primary reasons why it has grown and developed to become Canada's largest city and chief Atlantic terminal.

(4) The Port and Harbour of Montreal has been the basis upon which a large segment of the economic life and activity of the Montreal Region has been built and developed. While, from time immemorial, the Island of Montreal has been a cross-roads of travel and trade, the modern port and harbour and related shipping facilities are a product largely of the last 100 years.

(5) Prior to 1800, navigation of the St. Lawrence was difficult owing to the scarcity of charts, lights and buoys to mark the channel and the fact that the channel itself was of shallow depth. In the year 1805, vessels took from two to three weeks to come up the river from Quebec to Montreal. One small wharf 200 feet in length, and another small irregular wharf, provided dockage. The draught of Lake St. Peter was limited to 11 feet and even that depth was not available in the Harbour of Montreal. The shipping trade of the season could have been carried on in one of the ships which to-day regularly visit the Port. (')

(6) It was the merchant community of Montreal who first recognized the need to widen and deepen the channel between Quebec and Montreal.

(') "The Port of Montreal" by Laurence C. Tombs, M.A.

Agitation for a St. Lawrence ship channel was first initiated in 1826 when a petition was read before the Legislative Assembly of Lower Canada, urging the necessity of improving the means of communication between the Canadas and Europe. In 1830, the Legislature passed "An Act to Provide for the Improvement and Enlargement of the Harbour of Montreal". Certain improvements were made to the harbour but the channel remained undredged. In 1836 and again in 1841, the merchants of Montreal presented further petitions to deepen the channel and, finally, in 1844, a start was made. It was, however, never completed and, in 1847, the project was abandoned.

(7) Between the years 1847 and 1850, the Board of Trade and many influential citizens endeavoured to induce the Government of the day to resume the undertaking. Their efforts met with moderate success. By the end of the 1851 season, the channel had been deepened to the extent of 2 feet and widened to 75 feet. By the Summer of 1852, the channel had been widened to 150 feet and, in the late Fall of that year, operations for dredging the channel to 15 feet deep at low water were completed. In successive years, the channel has been widened and deepened to its present dimensions.

(8) All this is history and we mention it merely to establish two facts:

1. It was as a result of the initiative and vision of Montreal merchants that the Port and Harbour of Montreal received the initial impetus from whence it has developed into its present important role as the nation's largest seaport.

2. As a consequence of the growth and development of the port, there has grown up in Montreal a substantial volume of diversified economic activity related to the port and to the shipping industry in general.

(9) It follows, therefore, that the City of Montreal and its citizens and the Region in general have a high interest in the continuing welfare of the Port and Harbour of Montreal and in the broad and important range of economic activity which these facilities engender. Anything which would upset or impair the continued prosperity and well-being of those Montreal undertakings established to provide the needs of the shipping industry and its related components is of vital and lively concern to the Civic Authorities.

(10) This is the justification whereby the St. Lawrence Municipal Bureau, on behalf of the City of Montreal, makes this submission to the Royal Commission on the Coastal Trade.

B. THE ST. LAWRENCE SEAWAY

(11) Hitherto, the inland water system touching Canadian territory from Montreal to the head of the Great Lakes has been restricted to ocean and lake shipping by the limitating factors imposed by:

(a) The width and depth of the navigable natural channels;

(b) the width and depth and length of the dredged channels and inland lock and canal system;

(c) the laws of Canada governing the right to transport passengers and cargo from one Canadian port direct to another Canadian port.

(12) In practice, this has meant:

(a) Lake and ocean vessels entering the inland system beyond the rapids of the St. Lawrence River cannot exceed 14 feet in draft and 255 feet in length;

(b) lake vessels exceeding these dimensions but not in excess of 23½ feet in draft and 715 feet in length can travel all the way to and from the Lakehead and Prescott, but at this latter port, or some other river or lake port, all goods in transit to Montreal and beyond must be transshipped to smaller vessels for transshipment;

(c) ocean ships of all registries which conform to the physical limitations imposed by the width and depth and length of the natural and improved inland water system are free to transport goods and people to and from a Canadian port direct to and from a foreign port. They are not allowed, however, to engage in a domestic cargo and passenger trade to and from a Canadian port to another Canadian port;

(d) only vessels of Canadian registry and, by voluntary agreement, ships of British registry, are allowed to transport goods or passengers by water from one place in Canada (e.g. the St. Lawrence-Great Lakes area) to another place in Canada.

(13) Because of the physical limitations imposed by the existing dimensions of the inland channel and locks system beyond Montreal, only a relatively few ships, other than those of Canadian registry, have engaged in the Canadian domestic St. Lawrence-Great Lakes trade. The construction of the Seaway will, however, enable

larger ocean-going ships to penetrate beyond Montreal.

(14) Because of the existing agreement whereby ships of British registry are on a co-equal status with ships of Canadian registry in all Canadian waters, it is to be expected that ships of British registry will seek to avail themselves of the domestic trade potentialities offered by the movement of goods between Canadian ports, a trade which, already large, promises to grow to an ever increasing volume in the years to come.

(15) Moreover, while the purely domestic interport coastal trade of the United States is limited to vessels of U.S. registry, there is nothing in the existing legislation of the United States or Canada to prevent ships of any foreign registry from shuttling back and forth "internationally" between Canadian and United States ports to the detriment of both Canadian and United States vessels and to the general components of service and supply engaged in one phase or another of the shipping industry.

(16) The new situation created by the construction of the Seaway, presuming there are no changes in the present agreements and regulations governing the movement of vessels of British and foreign registry, promises to develop along the following lines:

(a) Vessels of British and Canadian registry will be free to compete for the interport domestic trade originating and terminating in Canadian ports anywhere in Canadian waters, including the St. Lawrence-Great Lakes area;

(b) vessels of any registry (Canadian, United States, British and foreign) will be free to compete for the interport "international" trade originating in either Canadian or United States ports and terminating in the ports of the other country.

(17) The new situation brings into sharp focus a set of conditions which have been long in the making but which presented no major problem unless and until the oft-mooted Seaway project became a reality. That eventuality will become a fact in the Spring of 1959.

(18) The problem arises consequent upon the fact that, while the Canadian shipping industry is prepared to admit and to meet fair competition be it from British, United States or foreign shipyards and flag shipping, their efforts to do so are heavily and unfairly weighted consequent upon their inability, because of the marked difference in wages and material costs prevailing in Canada as compared with the United Kingdom, from whence most shipping of British registry derives, and even more so from shipping deriving

from continental and asiatic nations.

(19) All things being equal, or even relatively so, Canadian shippers would prefer to ship via Canadian vessels. But all things are not equal, either relatively or absolutely. The higher wages and material costs prevailing in Canada means higher production costs for the building of Canadian ships and higher maintenance and operation costs to the ship-owner. In turn, these higher costs must necessarily find reflection in higher cargo rates.

(20) In the face of the situation which promises to develop in the inland Great Lakes-St. Lawrence waterway, there is a very real possibility that Canadian shipping will be driven from these inland waters and the shipyards and ship-owners and the other component elements which comprise the Canadian shipping industry will be without business.

(21) To the extent that this happens, it could have the following adverse effects on the economy of the City of Montreal and its surrounding Region:

1. Employment

It is difficult to estimate the number of persons normally employed in commercial ship-building and related enterprises supplying material components.

A ship is more than its hull and more than its engine. It is a complicated structure and mechanism requiring many parts, a large proportion of which are produced outside of the shipyard to which they are sent for assembly and final fitting, and not all such parts are manufactured locally or, for that matter, in Canada. A substantial part of the components of shipbuilding represents materials and equipment imported from other countries.

Moreover, shipyards construct naval and other government vessels as well as merchant ships. The volume of employment in shipyards is, therefore, not solely dependent on orders for privately owned passenger and merchant vessels. There are periods when virtually all shipyard activity is confined to the construction of naval vessels or vessels for other government purposes.

Under such circumstances, the volume of the labor force engaged directly or indirectly in ship construction and its components, other than for naval or other government purposes, varies widely. There are periods of high activity and periods when commercial shipbuilding falls off to

virtually nothing at all.

With the foregoing provisoes, let us briefly examine the employment situation in Montreal shipyards in a typical post-war year.

Montreal and its surrounding Region has traditionally been a major shipbuilding centre. Employment in the industry has varied between the high levels of wartime and the fluctuating demand for new shipping in normal times. In 1951, the total labor force employed in Montreal shipyards averaged approximately 2300. To this number should be added the labor force engaged in local industries supplying material components. If we estimate this number to be approximately 1000 employees, then the total labor force employed directly or indirectly in the shipbuilding industry in the Montreal area during a normal peacetime year would total somewhere in the neighbourhood of 3300 persons.

This is not a significant figure measured against the total volume of employment in the Montreal area. It nevertheless represents a substantial segment of the total labor force. Moreover, much of the labor force employed in shipbuilding is of a skilled and specialized type which would be lost to the industry if any major decline in normal peacetime work opportunity sets in.

In addition to those engaged in shipbuilding construction, there is the labor force required for the operation of merchant marine shipping. In 1951, there were 6539 persons in the Montreal area engaged in water transportation or in services incidental to water transportation.

In round figures, therefore, the total number of persons resident in the Montreal area normally employed in the shipbuilding industry and in water transportation aggregates approximately 10,000 persons.

Any situation or developing eventuality which would result in the curtailing of employment in the shipbuilding industry in the Montreal area or employment in water transportation is a matter which cannot be glossed over. The number affected would probably not be great but the total would be of sufficient proportions to warrant concern in the Montreal community.

2. General business activity

The gross selling value of products produced in shipyards in the Province of Quebec in 1952 aggregated $66 millions and, in 1953, $87 millions. Of this total, a substantial proportion, probably one-third or more, would represent the value of products produced in Montreal shipyards. Most of this was commercial shipping. (1)

Whatever the actual dollar value of commercial shipping produced in Montreal shipyards in an average year may be, the figure itself is less important than the fact, namely, that the volume of local purchasing power released through the payments made by the shipbuilding industry, either in wages or the cost of materials and supplies, represents a not insignificant proportion of the flow of money which generates general business activity in the Montreal area.

Any siphoning off or curtailment of this flow of money has a much wider ramification than its immediate impact on those who, otherwise, would be the initial recipients of such payments. The cumulative effect of the withdrawal from local circulation of the money represented by such payments would slow down general business activity proportionately.

To the lost payments represented by any decline in commercial shipbuilding in Montreal shipyards should be added the aggregate of lost payments which otherwise would be made in the form of wages should the employment opportunity in water transportation and services incidental thereto suffer a decline consequent upon the curtailment of shipping movements under Canadian flag registry.

3. Local taxes

It would be difficult to estimate the aggregate of local taxes paid by the shipbuilding industry as represented by their commercial shipbuilding activity. Nor the amount of local taxes paid by local industries supplying the components of shipbuilding as represented by that portion of their plant in which products for commercial shipbuilding are manufactured.

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(1) The Shipbuilding Industry (1953): Dominion Bureau of Statistics.

There is no doubt, however, that, over the years, a decline in the volume of commercial shipbuilding produced in Montreal shipyards and related industries would result in a not inconsiderable tax revenue loss to the municipal governments. Some smaller industries would probably go out of business. Others would retrench their operations by reducing their factory plant.

Moreover, in the case of Montreal, in addition to property, business and water taxes, a municipal sales tax is imposed on the purchase price of all goods and supplies. The income from the municipal sales tax provides a substantial proportion of the total municipal revenue received from all sources.

The aggregate of tax revenue loss to the municipal governments of the Montreal area, consequent upon any curtailment in the amount of assessable property used for commercial shipbuilding and related purposes and in the purchase of goods and supplies required in the industry would, therefore, represent a considerable sum of money which, otherwise, would accrue annually to the municipal governments.

(22) What has been said may be thought to be a somewhat negative approach to the problem. It represents merely an itemizing in general terms of the economic loss to the Montreal community if, as a result of the eventualities mentioned, there should develop a curtailment of activity in the construction of commercial shipbuilding in Montreal shipyards and a decline in the Montreal area of employment opportunity in water transportation and services related thereto.

(23) A more positive approach to the problem would be to take such measures as will prevent such eventualities from developing. In effect, this will require appropriate action by the Federal Government aimed at assuring the continued well-being of commercial shipbuilding in Canada and the introduction of such restrictive and regulatory measures as will place Canadian shipping on a more equal competitive footing with shipping of British registry insofar as the domestic inland coastal trade is concerned and with British and all foreign flag shipping insofar as the international inland coastal trade is concerned.

(24) It is not the purpose of this submission to suggest the basis or line of approach which these measures might take. Nor do we desire to give any impression that we favor one or the other of the several proposals which will be made by those speaking for the special interests who will be appearing before the Commission and presenting their respective views.

(25) Some, no doubt, will argue that the status quo should continue to prevail. Others will contend that the inland St. Lawrence-Great Lakes coastal trade of Canada should be severely restricted to Canadian shipping. There will be proposals in between these two views and each proposal will have its special merit. The problem will be to reconcile the economic desirability of keeping the lowest possible shipping rates with the equally desirable objective of protecting the Canadian shipbuilding and shipping industry from low-cost British and foreign competition.

(26) So far as the future growth and development of the Montreal area is concerned, there can be no question but that cheap transportation costs are in the best interest of the community, both with respect to goods consigned to the Montreal market and goods shipped from Montreal to the Canada-wide market.

(27) On the other hand, the Montreal community is mindful and proud of the historic role which the shipping industry has played in the development of the economic life of the area and is zealous to see this role maintained and strengthened and extended. It would be regarded with considerable alarm if, consequent upon the construction of the Seaway, ships of British and foreign registry would thereby be encouraged and enabled to compete with Canadian shipping for the inland coastal trade under conditions which, unless modifying restrictions are imposed, would be severely detrimental to the Canadian shipping industry and which, conceivably, could ultimately force it out of business.

(28) Montreal has a high stake in the economic consequences of constructing the Seaway. The Montreal community is gambling that it will work out to its advantage. It is too early, however, to be too sure of just how the future pattern of water transportation will develop or to evaluate the possible effects of the Seaway on the Port and general economy of the Montreal Region.

(29) Meanwhile, every constructive step that can be taken should be taken with a view to conserving the future well-being of the area and every constructive and regulatory measure which, if not applied could adversely affect Montreal's well-being, should be applied. In the long run, anything which prospers the growth and development of the Montreal area prospers the growth and development of the nation as a whole.

(30) Certainly, it will be asking too much of the Montreal community which is now watching the construction on its very doorstep of the most important link of the Seaway, if the end result of this development will be to relegate its historic and pre-eminent role as the nation's largest port to one of inferior status. Or, if, as a by-product of the lack of reasonable regulatory measures governing Canada's

inland coastal trade, a time-honoured local business such as the shipbuilding and shipping industry is reduced to a mere skeleton of its former self, while the shipping interests of other flag registries thrive on the business provided by the movement of Canadian goods in Canadian inland water.

(31) The large amount of money which Canada has invested in opening up the St. Lawrence-Great Lakes system to the shipping of all flag registries warrants the application of such restrictive and regulatory measures as will place Canadian flag shipping on a fair basis with its competitors. To do more would be discriminating. To do less would be to deny to Canadian shipping interests their legitimate right to a reasonable measure of protection in their own national waters.

BRIEF SUBMITTED TO THE ROYAL COMMISSION ON COASTAL SHIPPING BY DINGWALL SHIPPING COMPANY, LTD.-

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This Company has entered into long-term contracts with the Iron Ore Company of Canada for the carriage of iron ore from Seven Islands to Contrecoeur, Province of Quebec. This contract covers the period 1955 to 1961 inclusive.

Accordingly we hereby submit that the laws governing the coasting trade of Canada should be left unchanged and that if any recommendation is made for modification of such law, that provision be made that such modification will not affect the carrying out of long-term contracts entered into prior to the date of the hearings of the Royal Commission on Coastal Shipping.

Date June 28, 1955.

DINGWALL SHIPPING CO. LTD.

OLE SKAARUP

President.

June 28, 1955.

SUBMISSION TO THE ROYAL COMMISSION ON THE COASTING TRADE OF CANADA

We respectfully submit herewith for your consideration the possible effect on the cordage industry of the participation of vessels of foreign registry in Canadian coastal trade.

Cordage has been closely allied with shipping through the centuries since ancient times and continues to be an important part of ships' gear. Many matters affecting shipping also affect the cordage industry. We are therefore greatly concerned with item (c) of the terms of reference for the Royal Commission on Coasting Trade.

Marine cordage has constituted a sizeable proportion of the production of rope in this country - particularly so in times of war. The proportion of rope production that is sold for marine use in recent years would probably be somewhat as follows:

1952 -- 25%
1953 -- 21%
1954 -- 18%

The decrease in the past few years has been the direct result of transfer to British registry of large numbers of Canadian ships. They purchase neither gear nor supplies in Canadian ports. From this experience, we can only conclude that vessels registered outside Canada and participating in Canadian coastal trade would be unlikely to purchase cordage in Canada. Furthermore, any loss of tonnage by Canadian vessels would undoubtedly result in less operation by vessels that now purchase Canadian made rope with consequent reduction in rope requirements.

The question might well be raised as to Why Canadian rope is not purchased by foreign registered vessels. The high quality of Canadian produced cordage is well known to these operators, but there is a great difference in standards of quality as between countries and even between manufacturers. What has been recognized as #1 quality on this continent is generally of much higher quality and more expensive fibre than that made in Europe. The term '#1 quality' then is meaningless when comparison is to be made between ropes produced in different countries - yet it is frequently used to specify the type of rope the ship wants. Such differences in level of quality greatly affect the prices and this disparity is further aggravated in labour rates and other corresponding costs between Canada and Europe. Complicating this still further is the matter of foreign exchange and government (foreign) currency restrictions with which you are already familiar.

Marine cordage is usually of large sizes and as such forms the backbone of the cordage production, particularly essential in times of war. Loss of the marine volume can only in time affect the capacity for the production of such cordage. It could be a serious matter for Canada if she were to lose this capacity. There is also to be considered the additional adverse affect on the economical manufacture of the balance of cordage used within the country through this loss of volume of the large sizes.

Hence our concern over any further loss of marine cordage volume. If participation in Canadian Coastal Trade is to be permitted vessels of foreign register, it should be on a ressonably competitive basis. Canadian ship operators should enjoy some measure of preserving reasonable competition through taxes or fees for transport of cargo between Canadian ports by foreign vessels. This too would offset to some extent loss of income tax to the Canadian Government on business lost to foreign vessels.

This matter appears particularly important where Canada is unable to participate in coastal trade in foreign countries. The least that could be done would be some measure that would encourage the purchase of gear and supplies in Canadian ports by these foreign vessels somewhat in proportion to the amount of cargo handled between Canadian ports.

We would, therefore, respectfully request that if it is found desirable for British flag vessels to continue to participate in Canadian coastal trade that consideration be given by the Commission to means of encouraging those vessels to purchase Canadian supplies and gear or to so tax their trade that their operations be made reasonably competitive with those of Canadian vessels.

PLYMOUTH CORDAGE COMPANY
OF CANADA, Ltd.

W. B. Kitchen

Submission of

Canadian Pacific Railway Company

to

Royal Commission on Coasting Trade

Mr. Chairman and Commissioners:

1. Canadian Pacific Railway Company welcomes the opportunity afforded it, as a result of the appointment of your commission, to express its views on some aspects of transportation in Canada.

2. The terms of reference in order-in-council P.C. 1955-308, although calling for an enquiry into and a report upon certain matters related to the coasting trade of Canada, are nevertheless broad in scope inasmuch as your commission has in addition been requested to enquire into, and report upon "relevant matters which may in the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report."

3. Transportation by water is only one part of Canada's transportation system, and it is the submission of Canadian Pacific that any consideration of the coasting trade should have in mind at all times the principles which should govern in the development of all transportation facilities.

4. Dealing with the question of Canada's national transportation policy, the Royal Commission on Transportation in its report dated February 9th, 1951, had the following to say (page 279):

> "The several means of transportation - railways, waterways, airways, (highways), and now pipe lines - are distinct agencies that are inseparably interrelated. They should be so regulated as to serve not only individually but collectively in meeting the country's needs. As an instance of something now requiring attention, it might be pointed out that the place of water carriers in the country's transportation system as a whole should be more definitely determined in order that they may be enabled to take their proper place as a part of the country's transportation system".

5. The principles to which reference has been made in paragraph 3 may be stated quite simply. The objective should be to provide the people of Canada with adequate and modern transportation services at the lowest cost to the nation and without unnecessary or uneconomic consumption of labour and materials. In considering the means by which this objective is to be achieved, it must be recognized that transportation has become a highly competitive industry. No form of transportation whether by water, rail, highway, airway or pipeline can be said to possess a monopoly.

6. General economic theory holds that under conditions of free competition, the market for any product or service is shared by competing producers on the basis of their relative abilities to satisfy customer demands in respect of price and qualify of product or service. A producer, who

finds a cheaper or more efficient way of making a product as good or better than his competitor, gains an advantage in cost, is able to attract more capital into his business and to capture a larger share of the market. Under competitive pricing the consumer benefits from this more efficient production.

7. Notwithstanding competition between different forms of transportation, the transportation industry is subject in varying degrees to regulation and control by government authorities. The theory and practice of regulation and control in the transportation industry is undergoing critical scrutiny in many quarters as a result mainly of the rapid development of highway transportation which is giving increasing competition to the railways. The basic problem is how to apply regulation and control in such a way as to permit the benefits of competition to be realized and at the same time assure adequate transportation from the standpoint of capacity, regularity and dependability of service over the long term and in all seasons of the year.

8. Competition is in itself a form of control and in many industries competition is relied upon almost solely to regulate production in the interests of consumers. In the transportation industry both competition and regulation are in force. The problem is to harmonize them so as to produce the required transportation at the lowest cost to the nation.

9. It is the railway company's submission that this economic objective cannot be achieved,

(a) unless each form of transportation is required to pay out of its own revenues its full and fair share of the cost of building, maintaining and operating the facilities it uses. If the full cost of a product or service is not recovered out of the price at which it is sold, the result is uneconomic production - wasteful use of labour and material. And

(b) unless regulation bears evenly on all forms of transportation, giving as far as possible equality of opportunity and of responsibility. Not only is it manifestly unfair when the burden of regulation falls more heavily on one competitor than on another, but it is also uneconomic because it impairs the productive strength of the burdened competitor.

10. It may be useful to review the extent to which the aforementioned principles are being applied in Canada to railways and ships.

11. The operations and rates of the two major railways are subject to the control of the Board of Transport Commissioners under the Railway Act of Canada. The coasting trade is subject to the Transport Act, which controls shipping capacity and rates on the Great Lakes and the Mackenzie River. The controls under the Transport Act, however, do not apply to the transportation of goods "in bulk" as defined in the Act, except for operations on the Mackenzie River. Also in respect of grain moving from the Head of the Lakes by water, provision is made under

the Inland Water Freight Rates Act for the prescribing of maximum rates by the Board of Grain Commissioners. Under the Railway Act rates and service for all classes of goods handled by the railways are subject to control by the Board of Transport Commissioners.

12. The railways are common carriers obliged under law to carry all kinds of goods in any quantities between all railway stations for all shippers in all seasons of the year at controlled rates. Only a small part of the operations of ships engaged in the coasting trade is subject to control and regulation under the Transport Act, and service provided by these ships is of necessity limited to the season of open navigation.

13. The railway companies pay fully for the cost of the rights of way, terminals and other facilities which they use in the operations of the railway, and also contribute largely through the assessment of these properties to the revenues of the various municipalities through which they operate. For ships engaged in the coasting trade, the waterways, harbours and other facilities which they use have been provided, and are being operated at public expense, and no charges therefor, aside from certain dues of a minor nature, are assessed against such ships.

14. In 1903 tolls were abolished for all Canadian canals, and have never since been reimposed. These cansls are considered as public works, to be paid for, maintained and operated with public funds rather than as self-supporting facilities to be paid for by the water carriers using them. The only revenues derived from canal services are from wharfage, water power rentals and other incidental sources. As at March 31, 1953, government expenditures on canals, exclusive of interest and depreciation, amounted to $356,274,484 of which $243,020,484 was on capital account and $113,254,000 was accumulated deficit on account of maintenance and operation. The St. Lawrence Seaway project contemplates the expenditure of hundreds of millions of dollars for navigation facilities.

15. It is obvious that the general principles hereinbefore enunciated are not now being applied with equal force to railways and ships and for that reason it is the submission of the Railway Company that the following steps should be taken:

(a) The licensing and rate regulating provisions of the Transport Act contained in Parts I, II and III thereof should be extended to include all ships engaged in the coasting trade of Canada, due protection being given in the Act to ships now operating in such trade. In addition Section 5 of Part I should be amended to make it mandatory for the Board in reaching its decision on public convenience and necessity to give full effect to the consideration outlined in Sub-paragraphs (a) to (d) inclusive. Under present legislation, the Board may take these factors into consideration but is not compelled to do so.

(b) Consideration should also be given to amending the provisions in Part III of the Transport Act to bring them more into conformity with the Railway Act by providing:

(1) Publication and filing by the water lines of special arrangements tariffs, in addition to all other tariffs.

(2) The same regulation respecting tariffs and tolls for the carriage of goods in bulk as apply to all other goods.

(c) Tolls and charges should be levied or assessed against all ships for the use of canals, locks, harbours and other facilities at a level calculated to recover construction, maintenance and operating costs of these facilities. If such tolls or charges are not levied, water carriers are, in effect, being subsidized and water rates are not properly reflecting cost of water-borne transportation.

16. The possibility of the St. Lawrence Seaway resulting in greater competition and lower freight rates on traffic moving between ports in Canada has economic implications of national significance in the field of transportation. It may adversely affect railway earnings on traffic subject to this competition and may shift to some extent the burden of railway transportation costs. The pattern of railway freight rates is such that some commodities make a much greater contribution to total railway costs than others. Likewise the traffic in some areas makes a greater contribution than that of others. It follows that if the rates are reduced or the volume declines in respect of traffic in certain commodities or areas, the traffic in other commodities and areas will have to carry a larger share of the railway transportation costs. As stated by the Honourable Mr. Turgeon in the report of the Royal Commission on Agreed Charges, dated February 21st, 1955, at page 19, "It is an understandable necessity that the railways must obtain sufficient revenue to meet their costs of providing transportation service."

17. The major effect of the Seaway will be upon traffic in Eastern Canada. This traffic now makes a substantially greater contribution to railway costs than does the traffic in Western Canada as may be seen by the following facts relating to Canadian Pacific operations.

1. Canadian Pacific railway mileage in Western Canada is twice that of Eastern Canada - the dividing point between East and West being at Fort William.

2. In the seven years 1948 through 1954 the divisions between East and West were:

(..)	Eastern Canada	Western Canada
(a) Net earnings before income tax	$144,000,000	$110,000,000
(b) Average revenue per ton-mile of freight	1.55¢	1.14¢
(c) Revenue ton-miles of freight (000)	72,437,000	106,877,000

With two-thirds of its railway mileage in the West and with nearly 60% of its freight work performed in the West, Canadian Pacific during this period derived only 43% of its net earnings from traffic handled in the West. Revenue per ton-mile in the West was 26% less than in the East.

18. The chief reason for the aforementioned imbalance is the low statutory rates on grain and grain products moving from the Prairies to the Lakehead and to the Pacific coast for export. The revenue on this traffic is one-half cent per ton-mile as compared with an average of 1.8 cents per ton-mile on all other Canadian Pacific traffic.

19. Further competition from water carriers will aggravate the problem of railway freight rates. That problem stems from the fact that some rates are governed by competition and other rates are set by statute or effectively governed by regulation. Basically, the problem is one of determining the distribution of railway transportation costs among the users of railway service. This distribution of costs is effected by the pattern of railway freight rates. Competition imposes limits on the extent to which the burden of railway costs can arbitrarily be shifted by statute or by regulation from one area to another or from one group of commodities to another. This in itself presents a major problem in Canadian transportation policy. Surely it is unwise to aggravate that problem by encouraging uneconomic competition through subsidizing water carriers.

20. The question as to the right of ships registered or built outside of Canada to participate in the coasting trade has been raised in the terms of reference. Canadian Pacific being interested primarily in the operation of a railway within Canada would, of course, prefer that there be no increase in the competition with which it is now faced. Nevertheless, so long as the licensing system and other provisions of the Transport Act, amended as herein suggested, are applied and strictly adhered to, Canadian Pacific offers no objection to British built and registered ships engaging in the coasting trade of Canada in common with other ships of Canadian registry.

21. The terms of reference ask for a report upon "The necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada." It is the view of Canadian Pacific that there is no apparent reason for applying the tariff provisions of the Transport Act to passenger traffic.

22. For the information of the Commission, Canadian Pacific owns and operates the following transportation services and facilities:

(a) Railway Lines 17061.2 miles - See Exhibit A.

(b) Transatlantic passenger and freight liners totalling 135,173 gross registered tons on regular schedules - See Exhibit A.

(c) Lake steamers totalling 9,396 gross registered tons on regular schedules - See Exhibit A.

(d) Coastal passenger and freight vessels totalling 50,592 gross registered tons on regular schedules - See Exhibit A.

(e) Other ancillary services connected with transportation, including airlines, bus and truck lines, communications, hotels and ocean terminals.

As at December 31, 1954 the net investment in Canadian Pacific rail enterprises was $1,165,647,807, and the net investment in inland, coastal and ocean steamships was $38,003,140.

23. In conclusion, Canadian Pacific would like to bring to the attention of this Commission the recommendations of the Royal Commission on Transportation contained in its report at page 279 with respect to the reorganization of control exercised by Parliament over the various transportation agencies in Canada. It is the submission of Canadian Pacific that the people of Canada can ultimately achieve an adequate and modern transportation system at the lowest cost to the nation without unnecessary or uneconomic consumption of labour and materials and that this can best be attained by committing to a single regulatory body the power to control, so far as control from time to time may prove to be necessary, all competing forms of transportation.

J. A. Wright
of Counsel for Canadian
Pacific Railway Company

Montreal, Que.,
June 28, 1955.

CANADIAN PACIFIC RAILWAY COMPANY EXHIBIT A

RAILWAY MILEAGE

Eastern Region		
New Brunswick District	841.3	
Quebec District	1,619.0	
Ontario District	1,419.7	
Algoma District	1,221.8	
Dominion Atlantic Lines	304.1	
Quebec Central Lines	357.6	
Prairie Region		
Manitoba District	2,514.1	
Saskatchewan District	3,614.3	
Alberta District	3,116.7	
Pacific Region		
British Columbia District	1,983.5	16,992.1
Canadian Pacific Electric Lines		69.1
		17,061.2

OCEAN STEAMSHIPS

Beaverburn	Beaverglen	Beaverlake
Beaverford		Beaverlodge
Empress of Australia	Empress of France	Empress of Scotland
Maplecove		Mapledell

Gross Tonnage - 135,173

INLAND STEAMSHIPS

Great Lake Service

Assiniboia	Keewatin

B.C. Lake & River Service

Granthall	Moyie	Okanagan
Kelowna	Naramata	Rosebery

Gross Tonnage - 9,396

COASTAL STEAMSHIPS

B.C. Coast Service*

Princess Alberni	Princess Joan	Princess of Nanaimo
Princess Elaine	Princess Louise	
Princess Elizabeth	Princess Marguerite	Princess Norah
Motor Princess Kyuquot	Yukon Princess Prospect Point	Princess Patricia No.1
Transfer No.3	Transfer No. 4	Transfer No.9

Bay of Fundy Service

Princess Helene

Gross Tonnage - 50,592
as at December 31, 1954

*Princess of Vancouver, 5554 gross tons added May 4, 1955 to B.C. Coast Service

CANADIAN M A R C O N I COMPANY.

Canadian Marconi Company was established over fifty years ago, for the purpose of providing Canadian ships with ship-to-shore communication. At that time the apparatus was somewhat crude as compared to to-day's standards. All down through the years the Company has constantly expanded, pioneering in the various fields of electronics to provide the shipowner of to-day with such aids to navigation as Radio-telegraph, Radio-telephone, Direction Finders, Echo Sounders, Radar, etc.,

In 1935, in order to provide modern economical ship-to-shore communication, the Company developed and manufactured radio-telephone equipment suitable for this purpose. Shipowners were quick to appreciate the value of these facilities, with the result that to-day the majority of Great Lakes vessels are equipped with this Company's apparatus, either purchased outright or on rental contracts. Great Lakes coast stations were fitted with similar apparatus which was subsequently purchased by the Government. All this was done prior to similar work in the United States of America.

The rapid growth of this modern industry and its universal use on the Great Lakes and coastal waters, called for the establishment of fully staffed service depots where vessels could obtain prompt service and spare parts for various types of equipment on a 24 hour basis. To-day the Company maintains such depots at Port Arthur, Sault Ste. Marie, Welland Canal, Toronto, Montreal, Vancouver, Halifax, Cornerbrook and St.John's, Newfoundland.

From the foregoing brief outline it can be seen that the Marconi service forms an integral part of marine operation on the Great Lakes and in coastal waters, co-operating with practically all shipowners in such matters as procuring licenses from the Department of Transport, and keeping equipment in such condition that it will at all times conform to Government specifications.

In most instances shipowners prefer to rent the equipments for a predetermined fee which includes service; therefore, the Company must view, with the utmost concern, any move which will adversely affect its investment with resultant decrease in employment.

With the advent of the Seaway, it is only natural that we, in common with shipbuilders, shipowners and a large cross-section of industry, view with concern the possibility of vessels of foreign registry entering the Great Lakes to carry cargoes between Canadian and United States ports, thus depriving Canadian seamen of employment and inevitably restricting the economic development of our country by Canadians.

Two wars have proven the necessity for Canada to have a merchant marine. During the 1st war Canadian shipyards built 250 ocean going freighters to replace lost tonnage and 21 canal-size vessels were requisitioned from Great Lakes owners for operation abroad. This was a most convenient reserve fleet which could be drawn upon in emergency. We believe that Canada should

not be deprived of these facilities and be placed in a position wherewe are dependent upon other nations to carry our coastal trade.

When the British Commonwealth Merchant Shipping Agreement was signed in 1931, the Seaway was not an immediate issue, although certain reservations were made at that time. This agreement can be revised upon giving one year's notice and we feel that now is the time to issue such notice and have the necessary revisions made before foreign shipowners complete their plans for Great Lakes services. We understand that vessels are already being built abroad to participate in this lucrative business, which places Canadian ships at a decided disadvantage owing to their higher operating costs. If foreign shipping is not given sufficient notice of impending changes, we may find Canada subject to criticize at a later date. Therefore, it is our considered opinion that action should be taken without delay to give shipowners and all allied industries sufficient time to plan ahead for the future with confidence.

Large sums of money are being spent on modernizing and building up the Royal Canadian Navy, presumably, in part at least, to protect our maritime commerce and it seems essential that our Naval Forces be supported, for their full development and maintenance - particularly in times of emergency - by a healthy and adequate Canadian ship-building industry. The Canadian ship-building industry, to be fully effective for this purpose, would seem to require the essential economic and manufacturing loading that can only be derived by the construction of ships for normal peacetime uses. This apparently essential condition can hardly be maintained or created unless Canada takes appropriate steps to keep up, and indeed to increase, its marine operations, particularly in coastal waters and on the Great Lakes.

Most other important trading and industrial nations have recognized the necessity for protecting and preserving their shipping and ship-building industries and have taken appropriate action to reserve for their nationals the essential nucleus of such activities. It is unlikely that Canada can profit, in the long-term sense, unless similar action is taken by the Government.

Over and beyond the views which are above-expressed, we sincerely believe that Canada has reached a stage in her political economic and industrial development such that further progress can only be ensured if adequate measures are taken by our Government, commerce and industry to foster and nourish in Canada a progressive and ever-widening economic development.

Any steps or conditions which tend to detract from this broad objective appear to us to be retrogressive and erroneous. It follows, therefore, that the maintenance and development of our maritime activities - and particularly those of coastal vessels - supported by a healthy and growing ship-building activity is a prime essential in the national interest.

Accordingly, we would most earnestly suggest that the Commission should:

(1) Urge the Government of Canada to give consideration to the early and appropriate revision of the British Commonwealth Merchant Shipping Agreement of 1931;

(2) Recommend such changes in the Canadian shipping Act of 1934 as will preserve for Canada our vital shipping and shipbuilding industries; and

(3) Recommend such other measures as may be deemed advisable for the full implementation of Items (1) and (2) above.

Montreal,
June 29, 1955.

B-89

(also submitted in English)

LA CHAMBRE DE COMMERCE DE QUEBEC

P R E S E N T A T I O N

La Chambre de Commerce de Québec est heureuse de soumettre le présent mémoire à la Commission Royale d'Enquête sur le Cabotage et de lui faire connaître ses vues sur les problèmes auxquels les armateurs de ce secteur de la navigation canadienne, sur le Saint-Laurent et les Grands Lacs, doivent actuellement faire face.

Des circonstances particulières l'ont malheureusement empêchée de consacrer autant de temps qu'elle l'aurait voulu à cette importante question. Aussi a-t-elle l'intention de se prévaloir du privilège de compléter certaines parties de ce mémoire, en particulier les chapitres III et VI, en y faisant des additions qui seront présentées aux membres de la Commission lorsqu'ils siègeront à Québec l'automne prochain.

LA CHAMBRE DE COMMERCE DE QUEBEC

Alphonse Proteau
Président

Pierre Boutin
Président du sous-comité du cabotage

Isidore-C. Pollack
Président du Comité du Port

Yves Poisson
Secrétaire-Trésorier

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P R O P O S I T I O N

Dans le présent mémoire, la Chambre de Commerce de Québec étudie les conditions de notre marine marchande de cabotage en fonction non seulement de la concurrence qu'elle subit de la part des navires battant pavillon étranger, mais également en fonction des conditions dans lesquelles se trouve notre marine de haute mer et notre marine de guerre. Elle étudie aussi la situation du cabotage par rapport à nos chantiers de construction navale et à la situation de l'emploi au Canada.

Elle conclut que le privilège de pavillon soit accordé à notre marine marchande de cabotage, ce privilège devant être exclusivement réservé aux bateaux canadiens construits au Canada, et cela pour maintenir l'activité de nos chantiers de construction navale, à l'avantage de l'économie nationale et locale et de la sécurité nationale.

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C H A P I T R E I

LA NAVIGATION AU CANADA

LE CANADA, PUISSANCE INTERNATIONALE

Sinon par sa population, qui n'est que de 15 millions d'âmes, du moins par son étendue et par son importance dans le monde, le Canada est maintenant une puissance internationale de premier plan, non seulement du point de vue politique, mais surtout du point de vue économique.

En 1954, le revenu national net du Canada atteingnit près de $19 milliards et sa production nationale, près de $24 milliards. En cette même année, notre main-d'oeuvre, s'établissait à 5,426,000.

COMMERCE EXTERIEUR

Le commerce extérieur est un des facteurs les plus importants de l'économie canadienne. En 1954, nos exportations ont atteint près de $4,100 millions et nos importations, près de $3,900 millions. Ce commerce extérieur global de $8 milliards équivaut à un tiers de notre production nationale, chiffre supérieur à celui de la plupart des autres pays du monde. Le Canada occupe le quatrième rang des nations du point de vue commerce extérieur.

TRANSPORT MARITIME

Cette situation se reflète directement dans le tonnage de la marchandise transportée par eau du Canada ou à destination du Canada.

En 1953, 70,894,082 tonnes de marchandise de toutes sortes sont entrées ou sorties de nos ports pour fin d'importation et d'exportation (1).

CABOTAGE

D'autre part, la configuration géographique de notre pays, pourvue d'une voie maritime exceptionnelle, le fleuve St-Laurent, conduisant jusqu'au centre du continent par les Grands Lacs, donne lieu à un cabotage, très important. En cette même année 1953, les cabotiers ont chargé et déchargé dans les eaux canadiennes 61,041,272 tonnes de marchandise diverse (2).

C'est cette partie importante de notre commerce qui fait en quelque sorte l'objet de ce mémoire. Ce commerce, qui soutient une partie de notre marine et de nombreuses industries connexe, est digne de nos préoccupations et il importe qu'il soit dirigé dans le meilleur intérêt du pays.

(1) Shipping Report 1953, pp. 55 et 83
(2) Shipping Report 1953, page 157.

C H A P I T R E II

DEFINITION ET IMPORTANCE DU CABOTAGE

DEFINITION ET VOLUME

Le cabotage est cette partie du transport maritime effectuée d'un port canadien à un autre port canadien sur nos côtes ou à l'intérieur du pays.

Sur 32.7 millions de tonnes de marchandise déchargée dans nos ports en 1953 pour fin de cabotage, environ 5½%, soit 1.8 millions de tonnes, ont été transportées par des bateaux étrangers non enregistrés au Canada, surtout par des navires battant pavillon britannique (3)

En elle-même, cette situation est loin d'être alarmante. Selon les informations que nous possédons, cette concurrence de la part des navires du Royaume-Uni augmente toutefois sensiblement. Il n'est pas douteux que l'ouverture de la nouvelle voie maritime actuellement en construction, en permettant aux océaniques de se rendre jusqu'à la tête des Grands Lacs, ne l'accentue davantage.

VALEUR ET CHIFFRE D'AFFAIRES

Notre industrie du cabotage constitue un facteur économique qui n'est pas négligeable. En 1953, cette industrie possédait des immobilisations évaluées à $305 millions (moins une réserve (3) Seventh Report of the Canadian Maritime Commission, 1954, page 12 d'amortissement de $131.5 millions) (4). Les navires compris dans ce chiffre avaient une valeur de $274.3 millions, soit 90% du total, le reste, 10%, étant partagé entre des terrains, des quais, des jetées des entrepôts et autres bâtiments, de l'équipement et des accessoires, etc..

Le revenu brut des entreprises possédant ces actifs s'est chiffré pour la même année à $256,880,406 et leur profit net, après le paiement des impôts et des taxes, à $9,729,944, soit un peu plus de 3.3%. Sur ce revenu, $191,792,529 provenaient du fret, soit environ 70.7%.

Afin de se faire une idée plus juste de l'importance de cette industrie dans notre région et dans celle des Grands Lacs, voici d'autres chiffres très éloquents. Dans la région de l'Atlantique, qui s'étend de Montréal inclusivement jusqu'à la côte est du pays, les propriétés de ces entreprises avaient en 1953 une valeur de $166,014,116 (moins une réserve d'amortissement de $93,445,894). Les revenus bruts du cabotage de cette région se sont chiffrés pour la même année à $152,719,306, dont $127,374,742 provenant du fret, et le profit net à $3,072,812, soit moins de 2%.

Dans la région de l'intérieur, y compris les Grands Lacs, les propriétés des entreprises similaires avaient une valeur de $98,904,322 (moins

une réserve de $58,790,182).

(4) B.F.S. Water Transportation 1952.

Le revenu brut du cabotage de la région de l'intérieur s'est chiffré à $56,078,900, dont $41,621,001 provenant du fret, et le profit net, à $3,753,760 ou 6.7%.

Les intérêts les plus importants de la navigation côtière sont donc situés dans l'Est du pays. Et ce sont eux précisément qui sont le plus affectés par la concurrence étrangère et qui le seront davantage lorsque la canalisation du Saint-Laurent sera terminée.

NAVIRES ET MAIN-D'OEUVRE

La navigation côtière du Canada est assurée par 1,589 navires de toutes sortes, possédés par des armateurs canadiens, et 485 navires nolisés par eux. Ces chiffres comprennent 94 bateaux de passagers, 100 cargos mixtes, 655 cargos (248 nolisés), 279 pétroliers, 418 remorqueurs, 631 barges et 96 autres bateaux.

La région de l'Atlantique compte 747 de ces navires, dont 487 cargos; celle de l'intérieur, 421 navires, dont 92 cargos, soit un total de 1,168 pour les deux régions.

Tous ces navires sont dirigés par des équipages comprenant 15,007 membres, dont 8,463 sont employés dans la région de l'Atlantique et 3,868 dans la région intérieure.

Ces marins canadiens gagnent des salaires et gages se totalisant à $38,309,702, dont $21,635,502 dans la région de l'Atlantique et $8,442,808 dans la région intérieure (chiffres de 1953).

Les services de terre et les services administratifs de ces entreprises sont assurés par les soins de 5,102 employés, qui gagnent un revenu de $12,775,165. Les services de navigation employaient donc en tout, en 1953, 20,109 personnes, gagnant des salaires et gages se totalisant à $51,084,867.

COMPARAISONS

Du point de vue de l'emploi, quelques comparaisons s'imposent entre l'industrie du cabotage et les principales industries canadiennes.

Parmi les 87 principales industries classifiées dans les rapports statistiques du B.F.S., le cabotage se classe au vingt-quatrième rang du point de vue de l'emploi (5).

Il se compare avec d'autres industries importantes, dont les suivantes:

	Main-d'oeuvre
Cabotage (service complet)	34,128
Mines d'or	19,071
Autres métaux	34,906
Minerai	14,327
MANUFACTURES	
Produits du caoutchouc	19,850
Produits du cuir	28,232
Meubles	21,244
Véhicules-automobiles	29,786
Accessoires de ces véhicules	18,622

CONCURRENCE ETRANGERE

Comme nous le signalions au début de ce chapitre, les cabotiers étrangers ont transporté en 1953 environ 5½% de la marchandise chargée ou déchargée dans les ports canadiens, soit 3.6 millions de tonnes, à comparer à 61 millions. Cette proportion ne semble pas avoir varié sensiblement durant les années antérieures.

Il semble que l'accentuation actuelle de cette concurrence coincide avec la baisse générale des taux de transport océanique et avec l'accroissement du nombre de navires de haute-mer qui remontent les canaux jusqu'aux Grands Lacs. En effet, les statistiques de la navigation indiquent qu'en 1946 seulement 5 bateaux Européens se sont aventurés dans les Grands Lacs, alors que l'an dernier quelques 100 bateaux y ont fait 230 voyages et transporté des cargaisons se chiffrant à 700,000 tonnes. Cette année, on estime à 150 le nombre des cargos qui s'y rendront, dont quelques-uns feront jusqu'à cinq ou six voyages. A lui seul, le Port de Toronto attend 120 de ces bateaux, alors qu'il n'en a reçu que 8 en 1949 (6).

En 1953, 775 cargos étrangers, presque exclusivement britanniques, ont chargé 1,817,845 tonnes de marchandise dans les ports canadiens pour fins de cabotage; 673 navires en ont déchargé 1,754,427 tonnes pour les mêmes fins.

Sur ces 775 cargos, 637 ont transporté 1,727,664 tonnes de marchandise dans la région de l'Atlantique; 131 en ont transporté 84,332 tonnes dans la région intérieure. Sur les 673 cargos qui ont déchargé de la marchandise dans nos ports, 580 en ont déchargé 1,663,255 tonnes dans la région de l'Atlantique et 80 en ont déchargé 78,673 tonnes dans la région intérieure (7)

(5) B.F.S. Employment and Payrolls, Juillet 1954)
(6) Financial Post, 23 avril 1955
(7) B.F.S. Shipping Report, 1953, p. 174

Sur les 768 navires qui ont chargé de la marchandise dans les ports de l'est, 715 sont britanniques, 22 venaient des Etats-Unis et 21 des Antilles. Sur les 660 navires qui ont déchargé leur marchandise dans ces mêmes régions, 611 sont du Royaume-Uni, 29 des Etats-Unis et 20 des Antilles.

Une conclusion s'impose: la concurrence étrangère s'exerce surtout dans le Saint-Laurent, où la navigation est relativement facile. Lorsque la canalisation du Saint-Laurent sera terminée, elle pourra s'étendre jusqu'à la tête des Grands Lacs et elle s'intensifiera d'autant plus dans le Saint-Laurent.

FRAIS D'EXPLOITATION

Ce qui facilite grandement cette concurrence, c'est la marge considérable qui existe entre les frais d'exploitation des navires canadiens et, par exemple, ceux des navires britanniques.

La Commission maritime canadienne évalue les frais quotidiens d'exploitation des navires canadiens de 10,000 tonneaux, construction type de guerre, à $816.00, à l'exclusion du combustible et de l'amortissement. Un bateau semblable battant pavillon britannique ne coûterait que $543.50.

Le tableau suivant donne le détail de ces dépenses (8)

	Canada	Royaume-Uni
Total des salaires	$316.50	$140.50
Vivres	66.00	48.00
Magasins et fournitures	66.50	52.50
Réparations et entretien (y compris les frais d'expertise)	160.00	123.50
Assurance	129.50	119.00
Divers	15.50	14.00
Administration	65.00	46.00
	$ 816.00	$ 543.50

Quant au combustible, son prix est à peu près équivalent au Canada et au Royaume-Uni.

Par contre, l'amortissement du bateau canadien est beaucoup plus considérable que celui du bateau britannique. En effet, un bateau britannique de $3 millions coûterait environ $4½ millions au Canada (9). A 5%, l'amortissement de ce capital donne $41.00 par jour pour le Royaume-Uni et $60.00 par jour pour le Canada.

Comme les bateaux britanniques sont en service 365 jours par année et que les cabotiers canadiens du Saint-Laurent et des Grands-Lacs ne le sont qu'environ 250 jours, l'amortissement des bateaux canadiens, réparti sur cette courte période, est de $89.00 par jour. Cette différence de plus de 100% favorise davantage les bateaux britanniques.

(8) Sixième rapport de la Commission Maritime Canadienne, 1953, page 9)
(9) Deuxième rapport de la Commission Maritime Canadienne 1949, page 41)

Comme on le voit par le tableau précédent , l'article le plus défavorable aux bateaux canadiens par rapport à ceux du Royaume-Uni est celui des salaires de l'équipage. En effet, les marins canadiens gagnent environ $230 par mois, alors que les marins britanniques n'en gagnent que $90. Le salaire des marins canadiens est donc près de trois fois supérieurs à celui des marins britanniques (10).

Un autre facteur défavorable aux cabotiers canadiens par rapport aux navires britanniques provient du fait que ces derniers, lorsqu'ils remontent le Saint-Laurent ou les canaux canadiens vers les Grands-Lacs, doivent de toute façon faire leur voyage. La marchandise qu'ils peuvent transporter d'un port canadien à un autre port canadien situé sur leur parcours leur rapporte donc un revenu excédentaire, peu importe le prix demandé pour ce transport. Ces circonstances leur permettent donc d'offrir leurs services à des taux quasi dérisoires sans que leur administration n'en souffre le moindre préjudice.

EFFETS DESAVANTAGEUX SUR L'ECONOMIE NATIONALE

Le transport enlevé aux cabotiers canadiens par les navires britanniques peut être dans certains cas avantageux pour l'expéditeur ou le destinataire, mais il est toujours défavorable non seulement aux cabotiers canadiens, mais également à notre économie nationale. En effet, les armateurs britanniques ne paient pas de taxes et d'impôts au Canada et ils s'approvisionnent en majeure partie dans leur pays. Par contre, les armateurs canadiens achètent leurs produits au Canada et ils paient à leurs employés des salaires et gages comparables à ceux que reçoivent les employés des autres industries du pays. Leurs taxes et leurs impôts tombent également dans le trésor des gouvernements canadiens, fédéral, provinciaux ou municipaux.

COMPARAISONS AVEC LES AUTRES PAYS

En pratique, il ne semble pas exister dans le monde de situation comparable à celle du Canada quant à la concurrence étrangère faite aux cabotiers.

Au Royaume-Uni, il n'y a aucune restriction sur le cabotage, peut-être parce qu'en pratique aucun pays ne semble se prévaloir du privilège de pratiquer ce commerce dans les eaux britanniques.

Aux Etats-Unis, le cabotage est exclusivement réservé aux navires enregistrés et construits dans ce pays.

En Afrique du Sud, une loi autorise le Maritime Commerce Board à empêcher les navires étrangers de faire du cabotage.

En Australie, il est nécessaire d'obtenir une licence qui n'est livrée qu'à condition que la compagnie en question se conforme au standard des salaires payés dans ce pays.

(10) Chiffres du Syndicat International des Marins pour 1955)

En Nouvelle-Zélande, il existe un règlement similaire à celui de l'Australie. Le gouvernement est également autorisé à exclure les navires des pays étrangers qui prohibent le cabotage des navires néo-zélandais dans leurs eaux.

COMPARAISON AVEC LES AUTRES MOYENS DE TRANSPORT

Au Canada, comme sans doute dans la plupart des pays bien organisés, le transport est strictement règlementé dans tous les domaines: transport ferroviaire, transport par autobus, camionnage et transport aérien.

Dans notre pays, les compagnies étrangères ne peuvent pratiquer aucun de ces transports d'un point situé au Canada à un autre point du pays.

En ce qui concerne le transport aérien, les traités internationaux interdisent ce genre de transport, qui semble considéré comme une violation territoriale. Quand au transport ferroviaire, la situation de principe est semblable entre le Canada et les Etats-Unis. Les compagnies de chemin de fer canadiennes et américaines échangent des wagons, mais leur pratique les oblige à payer des taux de location dans chaque cas. Ces échanges n'ont d'ailleurs pas été sans occasionner des difficultés considérables aux compagnies de transport ferroviaire des deux pays.

Pour ce qui est du transport par autobus et du camionnage, les franchises, au moins dans la Province de Québec, sont exclusives dans le territoire desservi.

C H A P I T R E III

LA PETITE NAVIGATION

Dans le port de Québec, les caboteurs ont à faire face à une situation particulière.

CONCURRENCE PARTICULIERE

Une concurrence impossible à soutenir leur est faite par les armateurs établis à l'embouchure du canal Lachine, juste en dehors des limites du port de Montréal.

A cet endroit, le ministère des Travaux publics loue des terrains à des taux très bas. Les taux de quaiage de même que les droits de port y sont beaucoup inférieurs à ceux qui prévalent dans le Port de Québec.

Cette situation occasionne à Québec une perte considérable de commerce et il y aurait lieu de la corriger sans délai par la création dans les limites du Port de Québec d'une zone où les propriétaires de petis navires bénéficieraient des mêmes avantages.

C H A P I T R E IV

EFFETS DE LA CANALISATION SUR LE CABOTAGE

Comme nous l'avons souligné au chapitre II, la canalisation du Saint-Laurent, dès qu'elle sera terminée, permettra aux navires océaniques et aux cabotiers de fort tonnage de pénétrer jusqu'au centre du continent.

EVOLUTION DU COMMERCE

Ce seul fait contribuera sans doute à augmenter considérablement le commerce du Canada et des Etats-Unis. Il aura surtout pour effet de stimuler le commerce des entreprises situées dans le Bassin des Grands-Lacs, tant au Canada qu'aux Etats-Unis.

La nouvelle voie maritime raccourcira de 500 milles la distance qui sépare actuellement Chicago, Cleveland, Duluth, Buffalo, Port-Arthur, Toronto et Hamilton des grands ports d'Europe.

L'on estime que la marchandise actuellement expédiée par chemin de fer de ces endroits vers la côte de l'Atlantique au coût moyen de $13 la tonne pourra être expédiée vers le Bas Saint-Laurent au taux très bas de $1.70 la tonne. Et l'on prévoit qu'il passera 40 millions de tonnes de marchandise par la nouvelle voie maritime dès la première année de son ouverture (11).

Dans ce tonnage imposant, l'on inclut une dizaine de millions de tonnes de minerai de fer provenant de Sept-Iles, dans le Québec.

COMMERCE EXTERIEUR

Il ne faut pas croire cependant que le commerce extérieur canadien bénéficiera du jour au lendemain d'une augmentation considérable.

En effet, les importations et les exportations outre-mer sont proportionnelles à la capacité de production et à la capacité d'absorption du pays de sorte que la situation nouvelle créée par l'existence d'un chenal de 27 pieds de profondeur conduisant jusque dans les Grands Lacs ne se fera sentir que graduellement.

Il est cependant à prévoir qu'à longue échéance de nouveaux courants d'échanges s'établiront grâce à cette voie fluviale. Il va de soi que la première bénéficiaire de ce nouvel état de choses sera la région du Bassin des Grands Lacs, riche en ressources naturelles et en industries manufacturières, qui pourra désormais expédier directement ses produits ou les recevoir à un taux de transport inférieur à ceux qui prévalent actuellement dans cette région.

((11) Time Magazine, 6 juin 1955, pp.26 et 33)

COMMERCE INTERIEUR

Le cabotage connaitra lui aussi une activité accrue par suite de la réalisation de cet immense projet.

Ainsi, les cabotiers du Canada, tout comme ceux des Etats-Unis et, selon les règlements actuels, ceux du Royaume-Uni, verront leur champ d'action s'étendre d'un seul coup. La disparition des barrières que constituent actuellement les canaux du Saint-Laurent et quelques-uns des canaux des Grands-Lacs, permettra aux cabotiers de fort tonnage de voyager sans encombre depuis la tête des Grands Lacs jusqu'à la Côte de l'Atlantique.

L'industrie du centre du continent pourra ainsi se procurer ses matières premières en provenance de l'est à un coût de transport réduit, ce qui lui permettra d'abaisser d'autant son prix de revient. Elle profitera également de ce même taux réduit pour écouler plus avantageusement ses produits finis sur les marchés de l'est.

Il est donc à prévoir que de nouvelles lignes régulières de transport maritime s'établiront entre les ports des Grands Lacs et les principales villes de l'Est, en particulier New York et Montréal.

Le volume du transport vers l'est sera gonflé d'autant et, au moins dans un avenir rapproché, cette augmentation ne sera compensée que par l'expédition du minerai de fer de Sept-Iles et l'accroissement graduel des importations d'outre-mer.

Par contre, les industries de l'est qui n'ont pas leur contre-partie dans le centre ou l'ouest du continent, pourront également profiter de taux de transport réduits, ce qui les rapprochera davantage, du point de vue économique, de leurs clients de ces régions.

Les industriels de Québec pourront obtenir leur part de ces avantages s'ils ont l'oeil au guet et s'ils font preuve d'assez d'initiative et d'audace.

Certes, la concurrence contre les industries des Grands-Lacs ne sera pas facile. Mais nous possédons, nous aussi, d'immenses ressources naturelles et un potentiel de ressources hydrauliques très favorables à notre industrialisation.

DESEQUILIBRE ACCRU

En consultant les statistiques des canaux, l'on constate que le cabotage dans la direction ouest-est est sensiblement supérieur au cabotage est-ouest.

En effet, en 1954, alors que les cabotiers ..... ont transporté 6,305,594 tonnes de marchandise vers l'ouest, ils en ont transporté 23,765,107 tonnes en direction de l'est.

Un bref coup d'oeil sur les chiffres des années antérieures n'indique aucun changement important dans les proportions de ce mouvement.

La situation est identique en ce qui concerne la marchandise partant d'un port canadien et se dirigeant vers un autre port canadien, la marchandise partant d'un port étatsunien et se dirigeant vers un port canadien ou d'un port étatsunien vers un autre port étatsunien. Le mouvement n'est inverse que pour la marchandise partant d'un port canadien et se dirigeant vers un port étatsunien. Le volume de ce dernier transport n'est guère important toutefois en comparaison de l'ensemble.

Il est donc à prévoir que, dans les circonstances actuelles, les navires britanniques descendant des Grands Lacs vers l'Atlantique avec des cargaisons incomplètes prendront une proportion de plus en plus grande de la marchandise destinée aux ports du Saint-Laurent.

En ce qui concerne la marchandise remontant les canaux, les océaniques d'outre-mer à destination des Grands Lacs, arrivant souvent allèges et très souvent avec de très petites cargaisons, seront en mesure, grâce à un coût d'exploitation bien inférieur à celui des bateaux canadiens, d'enlever à nos cabotiers une proportion de plus en plus importante de la marchandise qu'ils transportent vers l'ouest.

EFFETS PARTICULIERS SUR LE PORT DE QUEBEC

En ce qui concerne le Portde Québec, la canalisation du Saint-Laurent aurapour effet d'augmenter considérablement le nombre d'océaniques et de cabotiers qui le traversent.

Le transport du minerai de fer de Sept-Iles vers l'ouest, qu'on estime à environ 10 millions de tonnes lorsque la canalisation sera complétée, nécessitera la construction de nombreux cabotiers spécialement aménagés à cette fin, qui remonteront le fleuve et les canaux jusque dans l'Ontario et au Lac Supérieur.

Ces cabotiers seront éventuellement en mesure de descendre jusqu'à Québec d'importantes cargaisons de céréales provenant du Canada ou des Etats-Unis, qui pourront y être transbordées avantageusement dans les océaniques à destination d'outre-mer.

Il est donc à prévoir que le Port de Québec connaîtra une prospérité accrue, ce dont l'économie locale pourra largement bénéficier. Cet accroissement de l'activité économique pourra à son tour contribuer à une industrialisation plus intense de notre région, ce qui nous permettra dans un avenir plus ou moins rapproché d'augmenter nos expéditions vers l'intérieur.

Le développement considérable des régions de Chibougamau, du Lac Saint-Jean et de Chicoutimi et la construction du chemin de fer devant relier Chibougamau à St-Félicien constituent également deux facteurs de prospérité importants pour l'est du Québec. Cette situation augmentera sensiblement notre production industrielle et permettra aux océaniques ayant leur port d'attache à Québec ou y faisant escale de compléter leurs cargaisons.

Jusqu'à présent, les navires des Grands Lacs qui descendaient des céréales dans le Saint-Laurent avaient une tendance marquée à s'arrêter à Montréal afin d'éviter de prolonger leur voyage de plus de 160 milles. Les cabotiers utilisés pour le transport du minerai de fer de Sept-Iles, qui devront forcément passer devant Québec, ne rencontreront plus cette objection et il est logique de croire que cet avantage permettra au Port de Québec d'augmenter sensiblement son commerce de transbordement.

Si le transport du minerai de fer est effectué par des navires canadiens, nous recevrons vraisemblablement une quantité beaucoup plus grande de céréales canadiennes. S'il est effectué par des navires des Etats-Unis, il est possible que nous recevions également de fortes quantités de céréales d'outre quarante-cinquième destinées à l'exportation outre-mer.

Notre port a déjà manipulé, il y a vingt ou vingt-cinq ans, certaines quantités de blé étatsunien. Ce commerce pourrait bien paraître, chez nous, si nous nous préparons à cette éventualité.

Si nous savons en profiter, la canalisation du Sant-Laurent pourra faire de Québec un important port de transbordement.

C H A P I T R E V

MARINE CANADIENNE

Ce chapitre, tel que nous entendons le traiter, dépasse un peu les limites de la juridiction de la Commission. Pour la compréhension du sujet, nous avons cependant jugé nécessaire de donner un aperçu sur la marine au long cours et sur la marine de guerre, deux parties importantes de la marine canadienne qui ont une influence directe sur toute l'économie de notre navigation, en particulier sur nos chantiers de construction navale et nos industries connexes.

HISTORIQUE

Aussi longtemps que les océans furent sillonnés par des navires en bois et en fer, la marine marchande canadienne connut une prospérité qu'elle ne vivra vraisemblablement pas avant de longues années.

"Vers 1878, notre marine marchande comprenait 7,196 navires, jaugeant 1,333,015 tonneaux, et le Canada occupait la quatrième place parmi les pays

maritimes du monde" (12)

Après cette époque, les navires d'acier du Royaume-Uni supplantèrent rapidement les nôtres. La population de notre industrie de construction navale fut bientôt réduite à la mise en chantier de cabotiers, de barques et de remorqueurs.

La construction de navires de haute mer ne reprit qu'à la première grande guerre, pour le compte de la Grande-Bretagne, qui ne suffisait plus à combler ses pertes de guerre. Ce n'est qu'en 1918 que le gouvernement candien fit construire des navires pour son propre compte. En 1921, notre marine marchande comprenait 63 navires au long cours, jaugeant en tout 380 milles tonneaux. La capacité de ces navires variait de 2,800 à 10,500 tonneaux de jauge brute.

La baisse des taux de transport océanique en 1921 mit fin à cette expérience, qui se solda en 1936 par une perte nette de plus de $82 millions.

Au début de la seconde guerre mondiale, il ne nous restait que 38 navires au long cours, jaugeant en tout 241,684 tonneaux.

A l'occasion de la dernière guerre, le Canada répéta l'expérience précédente. En 1945, notre pays possédait encore une flotte importante de 258 navires de charge, dont 150 appartenaient à la corporation d'Etat Park Steamship Company, les autres étant prêtés au Royaume-Uni (un à l'Australie). A ce moment, nous occupions de nouveau la quatrième place parmi les nations maritimes (13).

L'échec de 1936 se renouvela en 1948: nos navires, trop lents et trop coûteux, ne purent soutenir la concurrence d'unités plus rapides et plus modernes qui sortaient des chantiers de construction navale d'outre-mer. La Commission Maritime Canadienne, créée en novembre 1947, "pour mettre à exécution le programme de maintien et de développement de la flotte construite en temps de guerre et pour aider les industries canadiennes de la navigation et de la construction navale à résoudre leurs problèmes d'après-guerre résultant de la concurrence navale avec les flottes battant d'autres pavillons"(14) se vit forcée par les circonstances à disposer de la plus grande partie de notre marine de haute mer, dont 47 unités seulement jaugeant 324,031 tonneaux, y compris 13 navires-citernes de 123,581 tonneaux, étaient encore sous pavillon canadien le 31 mars 1954.

A la lumière de ces deux expériences très coûteuses, tentées à la hâte sous le pression des nécessités de guerre, l'on peut conclure qu'une flotte

(12) Deuxième rapport de la Commission Maritime Canadienne, 1949, p. 12.
(13) Discours du Très Honorable Premier Ministre aux Communes, 9 décembre 1949.
(14) Premier rapport de la Commission Maritime Canadienne, 1948, page 5.

marchande ne s'improvise pas et que le Canada, pour soutenir la concurrence étrangère, doit se préparer de longue main.

Dans les circonstances actuelles, il ne semble pas opportun que le gouvernement consacre des sommes importantes à la poursuite d'un programme de construction d'une marine de haute mer administrée par l'Etat. C'est d'ailleurs la conclusion de la Commission Maritime Canadienne: "Une flotte de navires de charge et de navires-citernes de haute mer d'une portée en lourd d'environ 750,000 tonneaux suffirait, estime-t-on, à transporter les cargaisons essentielles durant les premières phases d'une crise et à faire fonction d'auxiliaires auprès des services de la défense. Cette flotte devrait comprendre un certain nombre de navires modernes, plus rapides que ceux qui constituent la flotte actuelle. Les navires actuels ne peuvent, en ce qui concerne les services réguliers, soutenir la concurrence avec ceux qui battent pavillon étranger".(15)

Par suite de la signature du traité de défense de l'Atlantique Nord, qui prévoit la mise en commun des marines marchandes des pays signataires, le gouvernement a jugé raisonnable de réduire encore ce minimum essentiel de 750,000 tonneaux. La flotte marchande canadienne de haute-mer ne comprenait plus, en effet, le 31 mars 1954, que 47 navires d'une jauge globale de 324 milles tonneaux. (16).

IMPORTANCE D'UNE MARINE ADEQUATE

Ces faits, qui n'existaient pas lors de la création de la Commission Maritime Canadienne, ne sont pas sans causer une certaine perplexité. Dans le cas d'un conflit majeur, serait-il vraiment possible au Canada de compter presque entièrement sur l'étranger pour son commerce extérieur et son approvisionnement? Nous pouvons nous demander si nos alliés seront en mesure de satisfaire à leurs engagements. Cette question se pose avec une acuité particulière en ce qui concerne le Royaume-Uni, dont la flotte serait presque entièrement occupée à ses propres besoins.

MARINE DE GUERRE

En 1953, notre marine de guerre comprenait 54 unités lourdes. Cette marine devant être maintenus, nos chantiers de construction navale pourront compter sur un certain nombre de commandes régulières de la part du ministère de la défense nationale, ce qui contribuera dans une certaine mesure à stimuler leur activité.

(15) Deuxième rapport de la Commission Maritime Canadienne, 1947, p.9)
(16) Septième rapport de la Commission Maritime Canadienne, 1954, p.4)

C H A P I T R E VI

CONSTRUCTION NAVALE

GENERALITE

L'industrie canadienne de la construction navale a fluctué parallèlement à la prospérité de notre flotte.

Durant les périodes de grande activité, elle a rendu des services inappréciables non seulement à notre pays, mais également à tous les pays alliés auxquels nous avons lié le sort de nos armes.

Lors de la dernière grande guerre, cette industrie a employé jusqu'à 75 milles personnes (18).

Elle partage aujourd'hui, comme toujours, le sort de notre marine marchande, qui traverse une période critique.

EFFETS SUR L'ECONOMIE NATIONALE

Les hauts et les bas de cette industrie, qui ne dépend pas de la prospérité générale du pays, mais plutôt d'une concurrence étrangère sur laquelle nous n'avons aucune influence, affecte continuellement notre économie nationale.

En 1953, 79 chantiers de construction navale employèrent 22,571 personnes, auxquelles ils payèrent $72,732,056 en salaires et gages. Durant cette même année, la valeur des produits ouvrés s'établissait à $183,215,310 (19).

Ces chiffres, qui représentent une augmentation considérable par rapport aux dernière années, en particulier l'année 1951, reflètent les conditions internationales créées par la guerre de Corée, qui occasionna une hausse des taux de transport océanique et activa dans une large mesure notre industrie du transport maritime et de notre construction navale.

Malheureusement, cette tendance à la hausse est disparue depuis la fin des hostilités en Corée et nos chantiers de construction navale, lorsqu'ils auront rempli leurs commandes actuelles, se trouveront dans une situation identique à celle de 1951.

EFFETS SUR L'ECONOMIE LOCALE

Les effets de la fluctuation de l'activité des chantiers de construction navale se font sentir encore plus directement sur l'économie régionale ou locale.

En 1953, les dix chantiers de la province de Québec fournirent de l'emploi à 10,719 personnes, auxquelles ils payèrent des salaires et gages évalués à $4,005,878. La valeur de leur production,

(18) Deuxième rapport de la Commission Maritime Canadienne, 1949, p.50
(19) B.F.S. The Shipbuilding Industry, 1953.

cette année-là, s'établissait à $87,289.590.

Alors qu'en 1954 la main-d'oeuvre des chantiers canadiens se chiffrait à 23,895 hommes (20), ce qui représente une augmentation de 1,324 sur l'année précédente, celle des chantiers de la province de Québec avait diminué de 2,024, passant de 10.719 en 1953 à 8,695 en 1954.

Cette diminution est d'autant plus grave que nos chantiers sont concentrés dans deux régions seulement, celle de Montréal et Sorel et celle de Québec.

Alors que les chantiers de Québec employèrent jusqu'à près de 8,000 hommes au cours de la dernière guerre, leur main-d'oeuvre au moment où nous rédigeons ce mémoire, ne doit pas dépasser 2,000.

Il est de plus à remarquer que l'industrie de la construction navale, comme d'ailleurs celle de la construction d'édifices et de maisons d'habitation, a ceci de particulier que ses fonctions consistent surtout à assembler ou à monter des matériaux fabriqués par d'autres entreprises.

Ainsi, d'après le B.F.S., une quarantaine de matériaux différents d'une valeur de plus de $35 millions en 1951 et de plus de $60 millions en 1952, furent utilisés par les chantiers de construction navale, ce qui représente environ 40% de la valeur des produits ouvrés.

En stimulant la construction navale, l'on crée donc de l'emploi non seulement dans les chantiers eux-mêmes, mais dans toutes les industries connexes.

Les fluctuations de l'emploi des entreprises de construction navale contribuent largement à créer du chômage dans notre région. Il y aurait donc lieu de prendre les mesures nécessaires afin de stabiliser cette industrie à l'avantage du Canada et de notre région.

Les conclusions de la Commission Maritime ne sont guère encourageantes sous ce rapport. En effet, elle établit les principes suivants:

"Eu égard au coût de construction et d'exploitation et compte tenu des balances commerciales, il n'est pas recommandable ni économique pour le Canada de songer à édifier et à exploiter une marine marchande de haute mer battant pavillon canadien qui serait suffisamment puissante pour s'occuper de tout notre commerce d'exportation ou d'une proportion déterminée de ce commerce.

"L'expérience acquise au cours des deux dernières guerres démontre que le Canada doit être prêt à aider ses alliés à construire et à radouber les navires de guerre et de commerce dans l'éventualité d'un

(20) B. F. S. Employment and Payrolls, juillet 1954.

autre conflit, surtout à cause de la vulnérabilité, au Royaume-Uni et en Europe continentale, des industries de la construction et de la réparation des navires.

"L'expérience acquise pendant la dernière guerre démontre que la sécurité nationale du Canada exige l'existence d'une petite flotte efficace de navires océaniques immatriculés au Canada pour le ravitaillement et le transport des matériaux essentiels.

"Par conséquent, la sécurité nationale rend opportun le maintien des industries canadiennes de la navigation et de la construction navale sur un pied susceptible d'extension rapide en cas d'urgence.

"A cette fin, on estime que la construction navale au Canada se doit d'employer 7,000 hommes dans des chantiers maritimes situés à des points stratégiques. La moitié de ce nombre d'employés seraient normalement adonnés au radoubage des navires"(21).

Cette politique nous laisse entrevoir que si l'on gardait les mêmes proportions d'emplois dans les chantiers de construction navale, la main-d'oeuvre des chantiers de la province pourrait être éventuellement réduite à environ 2,350 hommes, ce qui ne laisserait à la région de Québec qu'une main-d'oeuvre globale guère supérieure à 1,000 hommes.

De plus, les mots "situé à des points stratégiques", inclus dans le dernier paragraphe cité plus haut, nous laissent entrevoir que certains chantiers de construction navale estimés n'être pas situés à des points stratégiques pourront éventuellement demeurer inactifs. Il est à souhaiter que ce sort malheureux ne soit pas réservé aux chantiers de la région de Québec, qui sont parmi les mieux équipés et les mieux situés au Canada.

MAINTIEN DE NOS INDUSTRIES

Dans son étude des problèmes de nos industries de la navigation et de la construction navale, la Commission Maritime Canadienne exprime certaines craintes relativement à une réduction trop radicale de notre marine marchande de haute mer. Elle s'esprime ainsi:

"A notre avis, la raison d'être des industries canadiennes de la navigation et de la construction navale doit, en définitive, reposer sur la sécurité nationale. On propose que le Canada, en cas de crise, fasse appel au Royaume-Uni et aux Etats-Unis pour se procurer des navires. Il nous semble que le Canada est parvenu, dans son développement, à un point qui lui permet de ne plus compter entièrement sur les autres pays pour assurer sa sécurité. De plus, les torpillages survenus durant la guerre de 1914-1918 ont démontré la nécessité de faire revivre l'industrie de la construction navale au Canada. La même chose s'est produite

(21) Deuxième rapport de la Commission Maritime Canadienne, 1949, pp.8 et 9.)

au cours de la guerre de 1939-1945 lorsqu'il a fallu, dès le début, construire des navires au Canada le plus rapidement possible et leur donner des équipages canadiens. Par suite des nécessités de la guerre, le Canada est devenu possesseur d'une flotte et d'une industrie de construction navale, dont chacune occupait en 1946 la quatrième place au monde. Nous l'avons déjà mentionné, les industries de la navigation et de la construction navale se sont effondrées après la guerre de 1914-1918. Il s'agit de savoir si, au Canada, il serait judicieux d'agir, à l'égard de ces industries, de la même façon qu'à l'égard des usines de munitions qui s'établissent à la hâte dans les circonstances critiques et qui sont démontrées une fois le danger disparu.

"A deux reprises, le Canada a réussi à reconstituer à grands frais ces deux industries et, matériellement, il pourrait peut-être le faire encore. Le principal argument contre la désorganisation de ces deux industries se fonde sur la perte de marins entraînés et d'artisans habiles. Il en est surtout ainsi dans le cas des chantiers maritimes qui disposent actuellement de techniciens et d'artisans très compétents. Il faut reconnaître le danger que comporte tout retard. Il faut beaucoup de temps, non seulement pour créer des installations, mais aussi pour réunir des ouvriers expérimentés qui possèdent les connaissances nécessaires, et il se pourrait fort bien que le temps nous manque advenant une nouvelle crise." (22)

Nous concluons donc à la nécessité pour le Canada de maintenir une marine de haute mer suffisante pour assurer la sécurité nationale et d'agencer son programme de construction de cette marine avec celui de la construction de sa marine de cabotage. Une étroite relation existe entre ces deux marines, qui devraient coordonner leurs efforts en vue de servir le Canada en tout temps, mais surtout en temps de crise. Le sort de nos chantiers de construction navale dépend directement de l'activité de nos trois flottes: notre flotte de guerre, notre flotte marchande de haute mer et notre flotte de cabotage.

CHAPITRE VII

CONCLUSIONS ET RECOMMANDATIONS

CONCLUSIONS

La sécurité nationale exige le maintien d'une marine marchande canadienne de haute mer et de chantiers de construction navale bien équipés et à la base de cette marine, une flotte côtière canadienne est essentielle .

(22)Deuxième rapport de la Commission Maritime Canadienne, 1949, p. 49)

Il est démontré, d'autre part, que la marine marchande canadienne de haute mer n'est pas en mesure de soutenir la concurrence étrangère actuelle et qu'elle ne pourra pas, par conséquent, se développer beaucoup avant plusieurs années.

Aussi longtemps que la tension internationale actuelle subsistera, le maintien, la modernisation et l'expansion de notre marine de guerre contribueront à activer nos chantiers de construction navale, mais cette contribution ne peut être considérée comme permanente.

D'autre part, le radoubage des navires ne peut suffire à entretenir l'activité de nos chantiers de construction navale, pas plus, d'ailleurs que les commandes de l'étranger, qui ne sont guère importantes.

Par contre, jusqu'à présent, notre marine de cabotage a non seulement fait ses frais, mais elle fut profitable aux armateurs canadiens. Son maintien et son entretien ont aussi largement contribué à occuper nos chantiers de construction navale et nos industries connexes.

Malheureusement, la concurrence étrangère ruineuse qui s'exerce sur notre marine de haute mer menace également aujourd'hui notre marine de cabotage et il n'est pas douteux que la concurrence des navires du Royaume-Uni augmentera sensiblement lorsque la canalisation du Saint-Laurent sera terminée.

RECOMMANDATIONS

Devant ces faits, la Chambre de Commerce n'éprouve aucune hésitation à recommander l'octroi du privilège de pavillon à notre marine marchande de cabotage sur le Saint-Laurent et les Grands-Lacs, ce privilège devant être désormais réservé aux navires canadiens construits au Canada.

Cette mesure est la seule qui puisse protéger efficacement nos armateurs contre la concurrence étrangère et contribuer en même temps à la prospérité de nos chantiers de construction navale et à la sécurité nationale.

AUTORITE

La Chambre de Commerce de Québec, fondée le 21 février 1809, est régie par une charte spéciale octroyée en vertu de la loi 4 et 5 Victoria, chapitre 92, sanctionnée le 19 mars 1842 et amendée en 1845 et 1889. Sa juridiction s'étend aux limites territoriales de la Cité de Québec. Elle compte près de 1,300 membres en règle, tous des hommes d'affaires et elle représente tous les secteurs de l'économie locale et régionale.

Lors de sa réunion du 5 mai 1955, le Conseil d'Administration de la Chambre mettait sur pied un comité du port, dont la présidence a été confiée à monsieur Isidore-C. Pollack, gérant général de Maurice Pollack, Limitée, et la vice-présidence à monsieur Yvon R. Tassé, Ing. P., de la firme Tassé, Sarault & Associés.

Dès le 7 mai 1955, le comité du port tenait une première réunion et décidait de confier à un sous-comité le soin de préparer un mémoire sur le cabotage à l'intention de la Commission Royale d'Enquête sur le Cabotage. La présidence de ce sous-comité fut alors confiée à monsieur Pierre Boutin, président de P. A. Boutin, Inc., qui s'est adjoint les membres suivants pour l'aider à l'accomplissement de son travail: MM. Alphonse Proteau, président de Lesage, Proteau Limitée et président de la Chambre, Isidore-C. Pollack, Yvon-R. Tassé, Robert Black, gérant général de Davie Shipbuilding Ltd., Rodolphe A. Leblanc, gérant du transport de la Cimenterie du Saint-Laurent, André Roy, de la Confédération Générale des Syndicats Catholiques, Théo-Miville Dechêne, Ing. P., de la Régie Provinciale des Services Publics, Marc Turcotte, économiste et professeur à la Faculté de Commerce de Laval, MM. Antoine Turgeon, journaliste du Soleil, Charles-Eugène Pelletier, journaliste de l'Action Catholique et René Lagacé, journaliste du Quebec Chronicle Telegraph.

Monsieur Yves Poisson, secrétaire-trésorier de la Chambre et secrétaire-général du Comité du Port, a agi comme rapporteur du sous-comité et rédacteur du mémoire.

Ce mémoire fut adopté par le sous-comité du cabotage à une réunion tenue lundi le 27 juin 1955 et par le comité du port à une réunion tenue le 28 juin 1955. Le conseil d'administration de la Chambre l'a par la suite adopté à une réunion tenue mercredi le 29 juin 1955.

B-89 (Also submitted in French)

THE QUEBEC BOARD OF TRADE

P R E S E N T A T I O N

The Quebec Board of Trade is pleased to submit the present memorandum to the Royal Commission on Coasting Trade and to be given the opportunity to bring forward its views on those problems which face presently the ship owners of this section of the Canadian navigation on the Saint-Lawrence River and on the Great Lakes.

Particular circumstances having unfortunately made it impossible to the Board to dedicate as much time and study as wished on this important question, it is our intention to make use of the privilege to complete certain parts of this memorandum - particularly Chapters III and VI - with additions which will be submitted to the members of the Commission at it's Quebec Session next Fall.

THE QUEBEC BOARD OF TRADE

Alphonse Proteau
President

Pierre Boutin
Chairman Coasting Trade
Sub-Committee

Isodore-C. Pollack
Chairman of the
Port Committee

Yves Poisson
Secretary-Treasurer

P R O P O S I T I O N

The Quebec Board of Trade, in the present memorandum, studies the conditions of our coasting trade merchant marine not only in regards the competition it meets from ships flying foreign colors but also in function of the conditions in which operates our ocean going merchant marine and navy. It also studies the coastal shipping situation as regards our shipyards and the employment situation in Canada.

The Board concludes that the privilege of the colors be granted to our coastal shipping merchant marine, this privilege being reserved exclusively to those ships built in Canada, and this, with a view to maintain activity in our shipyards both to the advantage of national and local economy, and national security.

C H A P T E R I

NAVIGATION IN CANADA

CANADA, INTERNATIONAL POWER

If not by its population, which is only in the neighborhood of 15 million, at least by its area and its importance in the world, Canada is now a first rated international power not only on the political front but also economically.

In 1954 the national net revenue of Canada reached nearly $19 billion and its national production, almost $24 billion. During the same year, our employment figure was established at 5,426.00.

FOREIGN TRADE

Foreign trade is one of the most important factors of the Canadian economy. In 1954, our exports reached nearly $4,100 billion and our imports almost $3,900 billion. This foreign global trade of $8 billion is equivalent to one third of our national production, a figure which is higher than that of most other countries of the world. Canada is in fourth place among nations as regards foreign trade.

MARITIME TRANSPORTATION

This situation becomes directly evident through the tonnage of merchandise transported by waterways from Canada or to Canada.

In 1953, 70,894,082 tons of merchandise of all kinds were brought in or taken out of our ports for importation or exportation purposes (1)

(1) Shipping Report 1953, pp. 55 and 83

COASTING TRADE

On the other hand, the geographical outline of our country, supplied with an exceptional maritime seaway - the Saint-Lawrence - reaching the centre of the continent through the Great Lakes, leads to a very important coastal shipping. During that same year of 1953, coastal ships loaded and unloaded in canadian waters 61,041,272 tons of various merchandise (2).

It is this important part of our trading which is, to a point, the main object of our memorandum. This trade, which sustains part of our merchant marine and numerous affiliated industries, deserves our concern and it is important that it be steered towards the best interest of the country.

(2) Shipping Report 1953, page 157

C H A P T E R I I

SITUATION AND IMPORTANCE OF COASTING TRADE

DEFINITION AND VOLUME

Coastal shipping covers that part of maritime transportation being carried out between one Canadian port to another along our coast or inland.

Of the 32.7 million tons of merchandise unloaded in our ports in 1953 by coastal shipping vessels, approximately 5½%, viz., 1.8 million tons, were transported by foreign ships, not registered in Canada, the majority of them flying British colors (3).

In itself, this situation is far from being alarming. According to the information we have, this competition from United Kingdom ships, however, increases in a noticeable manner. There is also no doubt that the opening of the new seaway, now under construction, making it possible to ocean vessels to reach the head of the Great Lakes, will increase it.

VALUE AND TURNOVER

Our coastal shipping industry constitutes an economic factor which is not to be neglected. In 1953, this industry represented investments valued at $305 million - (less a depreciation fund of $131,500 million)(4).

(3) Seventh Report of the Canadian Maritime Commission, 1954, page 12
(4) D.B.S., Water Transportation, 1952

The ships included in this figure were valued at $274,300 million, viz., 90% of the total, the balance of 10% being distributed to cover properties, wharves, piers, warehouses and other buildings, equipment and other accessories, etc.

The net revenue of those enterprises amounted to $256,880,406 and their net profit, after payment of income and taxes was $9,729,944, viz., slightly over 3.3%. Of this revenue, $191,792,529 came from freight operations, viz., 70.7%.

To give a better idea of the importance of this industry in our region and in that of the Great Lakes, following are other very eloquent figures. In the Atlantic region, which stretches from Montreal to the East Coast of the country, the real estate value of the properties was in 1953 of $166,014,116 - less a depreciation fund of $93,445,894. Net revenues from coastal shipping in that region amounted during the same year to $152,719,306 of which $127,374,742 came from freight, and the net profit was established at

$3,072,812, viz., less than 2%.

In the interior, including the Great Lakes, the owners of similar enterprises reported a value of $98,904,322 - less a depreciation fund of $58,790,182.

The net revenue of coastal shipping of the interior amounted to $56,078,900, of which $41,621,001 came from freight, and the net profit was established at $3,753,760, viz., 6.7%.

The most important interests of coastal navigation are therefore in the Eastern section of the country. And those interested are precisely those who are the most seriously affected by foreign competition and who shall be more so when the Saint-Lawrence Seaway is completed.

SHIPS AND EMPLOYMENT

Coastal navigation in Canada is assured by 1,589 vessels of all types, owned by Canadians, and 485 ships chartered by them. These figures include 94 passenger ships, 100 mixed cargoes, 655 cargoes (248 chartered), 279 tankers, 418 tugs, 631 barges and 96 other types of vessels.

The Atlantic region counts 747 of these ships of which 487 are cargoes, while the interior has 421 ships, of which 92 are cargoes, a total of 1,168 ships for the two regions.

All these ships are manned by crews comprising 15,007 members, of which 8,463 are employed in the Atlantic region and 3,868 in the interior.

These Canadian seamen earn wages and salaries totalling $38,309,702, of which $21,635,502 are paid in the Atlantic region, and $8,442,808 in the interior. (figures covering 1953).

Land and administrative services for these enterprises are assured by 5,102 employees earning $12,775,165. The navigation services therefore employed in 1953, 20,109 persons earning salaries and wages totalling $51,084,867.

COMPARISONS

As regards employment, some comparisons between the coastal shipping industry and other Canadian main industries are necessary.

Among the 87 main industries classified in the Federal Bureau of Statistics reports, coastal shipping comes in 24th place as regards employment.(5)

It compares with other important industries, among them, the following:

	Employment
Coastal shipping (complete service	34,128
Gold mines	19,071
Other metals	34,906
Minerals	14,327
MANUFACTURES	
Rubber products	19,850
Leather goods	28,232
Furniture	21,244
Automobiles	29,786
Automobile accessories	18,622

FOREIGN COMPETITION

As mentioned earlier in this Chapter, foreign coasting vessels transported during 1953 approximately 5½% of the merchandise loaded or unloaded in Canadian ports, viz., 3.6 million tons, in comparison with 61 million tons. This proportion does not seem to have varied noticeably during the previous years.

It appears that the present accentuation of this competition coincides with the general drop of the oceanic transport rates and with the increase in the number of ocean ships going up the canals to the Great Lakes.

(5) D.B.S., Employment and Payrolls, July 1954.

In fact, navigation statistics show that in 1946 only 5 European ships ventured as far as the Great Lakes when, during the last year, some 100 vessels made 230 trips there and transported cargoes totalling 700,000 tons. This year the number of ships which will sail as far as the Great Lakes has been estimated at 150, some of them making as much as five or six trips. The Port of Toronto alone expects 120 of these ships, when it received but 8 in 1949 (6).

In 1953, 775 foreign cargoes, almost exclusively British, loaded 1,817,845 tons of merchandise in Canadian ports for coastal shipping purposes. 673 ships unloaded 1,754,427 tons for the same purposes.

Out of these 775 cargoes, 637 transported 1,727,664 tons of merchandise in the Atlantic region; 131 transported 84,332 tons in the interior. Out of these 673 cargoes which unloaded merchandise in our ports, 580 unloaded 1,663,255 tons in the Atlantic region and 80 unloaded 78,673 tons in the interior (7).

Out of the 768 ships which loaded merchandise in Eastern ports, 715 are British, 22 American and 21 from the Carribeans or West Indies. Out of the 660 ships which unloaded their cargoes in these same regions, 611 were from the United Kingdom, 29 from the United States and 20 from the West Indies.

(6) Financial Post, April 23rd, 1955
(7) D.B.S., Shipping Report, 1953, p. 174

A conclusion commands attention. Foreign competition goes on mainly along the Saint. Lawrence River where navigation is relatively easy. When the Saint. Lawrence Seaway project is completed, that competition may very well extend as far inland as to the head of the Great Lakes and it will be intensified the more along the Saint Lawrence River.

OPERATION COSTS

One thing which greatly facilitates this competition is the considerable margin in the operation costs between Canadian vessels and British ships.

The Canadian Maritime Commission estimates the daily operation costs of Canadian ships of 10,000 tons, wartime construction types, at $816, exclusive of fuel and depreciation. A similar ship carrying British colors would cost only $543.50.

The following Table gives the details of these expenditures (8)

	Canada	United Kingdom
Total Wages	$316.50	$140.50
Food	66.00	48.00
Stores and equipment	66.50	52.50
Repairs and maintenance (including tests costs)	160.00	123.50
Assurance	129.50	119.00
Miscellaneous	15.50	14.00
Administration	65.00	46.00
	$816.00	$543.50

The price of fuel is about the same both in Canada and the United Kingdom.

(8) Sixth report of the Canadian Maritime Commission, 1953, page 9

On the other hand, the depreciation of the Canadian ship is much higher than that of the British vessel. In fact, a $3 million British ship could cost about $4,500 million in Canada. (9). At 5%, the depreciation of that capital represents $41.00 per day in the United Kingdom and $60.00 per day in Canada.

Furthermore, since the British ships are in service 365 days a year and Canadian freighters along the Saint. Lawrence River and on the Great Lakes only about 250 days, the depreciation of Canadian vessels, distributed over that short period, is $89.00 per day. This difference of more than 100% favors the more the British ships.

As may be seen by the previous Table, the wages paid the crews is the item most unfavourable to Canadian ships as regards their British counterpart. In fact, Canadian seamen earn approximately $230 per month, when the British sailors earn only $90. The wages of the Canadian seamen are therefore three times superior to those of the British sailors.(10).

Another unfavourable factor against Canadian coastal vessel as regards their British counterpart comes from the fact that the latter when they sail up the Saint. Lawrence River or the Canadian canals toward the Great Lakes, must make their journey. The merchandise they may carry from one Canadian port to another along their course therefore brings them an additional revenue, no matter the price asked for this transportation. These circumstances make it possible to them to offer their services at very low rates without any prejudice to their administration costs.

(9) Second Report, Canadian Maritime Commission, 1949, page 41
(10) Statistics from the International Seamen's Union for 1955

UNFAVOURABLE EFFECTS ON THE NATIONAL ECONOMY

Transportation taken away from Canadian coastal shippers by the British ships can be in certain cases advantageous to the shipper or consignee, but it is always unfavourable not only to the Canadian coastal shipping operator, but also to our national economy. In fact the British ship owners do not pay any taxes or income to Canada and they supply themselves in the majority of cases in their own country. On the other hand, the Canadian owners purchase their products in Canada and they pay their employees salaries and wages equivalent to those paid to workers in other industries across the country. Their taxes and income payments also fall into the Canadian federal, provincial or municipal treasury.

COMPARISONS WITH OTHER COUNTRIES

Practically speaking, there does not seem to exist any situation in the world which can be compared with that of Canada as regards foreign competition to coastal shipping.

In the United Kingdom, there exist no restrictions on coastal shipping, perhaps because in practice, no Country seems to make use of the privilege to practice this trade in British waters.

In the United States, coastal shipping is reserved exclusively to ships registered and built in that Country.

In South Africa, an Act authorizes the Maritime Commerce Board to forbid foreign ships to carry on coastal shipping activities.

In Australia, it is necessary to obtain a license which is delivered only on the condition that the firm in question abides by the standards of wages paid in that country.

In New Zealand, there is a regulation similar to that of Australia. The Government is also authorized to exclude those ships of foreign countries which prohibit coastal shipping by New Zealand vessels within their waters.

COMPARISON WITH OTHER MEANS OF TRANSPORTATION

In Canada, same, without doubt, as in most well organized countries, transport is regulated strictly in every domain: railroad transport, autobus transport, trucking and air transport.

In our country foreign companies cannot operate any of these types of transport from one point of Canada to another within the country.

As regards air transport, international treaties forbid this type of transportation, which may be considered as a territorial violation. As regards railroad transport, the principle of the situation is similar in Canada and in the United States. The Canadian and American railroad companies exchange cars, but the practice forces them to pay location rates in each case. These exchanges, besides, have not been without causing considerable difficulties to the railroad companies of both countries.

As regards autobus transport and trucking, the franchises, at least in the Province of Quebec, are exclusive within the territory serviced.

C H A P T E R III

SMALL NAVIGATION

In the Port of Quebec, the coastal shipping operators must meet with a particular situation.

SPECIAL COMPETITION

A competition impossible to sustain is being made by owners established at the mouth of Lachine Canal, just outside the limits of the Port of Montreal.

There, the Department of Public Works rents land at very low rates. The wharfage and port dues are much inferior to those existing in the Port of Quebec.

This situation causes to Quebec a considerable loss of trade and it would be opportune to correct that situation without further delay through the creation within the limits of the Port of Quebec of a zone where the owners of small ships could benefit from advantages similar to those of Montreal.

C H A P T E R IV

EFFECTS OF THE CANALIZATION ON COASTING TRADE

As mentioned at Chapter II the canalization of the Saint Lawrence River, as soon as it is completed, will make it possible to ocean and heavy tonnage coastal shipping vessels to travel inland to the centre of the continent.

EVOLUTION OF TRADE

This alone will contribute without doubt to increase considerably the Canadian and U.S. trade. It will mainly result in stimulating trade in the basin of the Great Lakes in Canada and the United States.

The new maritime route will shorten by 500 miles the distance which separates presently Chicago, Cleveland, Duluth, Buffalo, Port Arthur, Toronto and Hamilton from the large ports of Europe.

It is estimated that merchandise presently shipped by railroad from these points to the Atlantic coast at the average cost of $13 per ton will be shipped towards the Lower Saint Lawrence at a rate as low as $1.70 per ton. And it is further expected that 40,000,000 tons of merchandise will pass through the new maritime route as early as the first year of its opening. (11).

In this imposing volume is included some 10 million tons of iron ore from Seven Islands in Quebec.

FOREIGN TRADE

One must not, however, believe that the Canadian foreign trade will benefit from night to morning from a considerable increase (11) Time Magazine, June 6, 1955, pp. 26 and 33.

In fact, overseas importations and exportations are in proportion with the capacity for production and with the capacity of absorption of the country and therefore the new situation created by the existence of a 27-foot channel going inland as far as the Great Lakes will not be felt except gradually.

However, it is to be anticipated that over a long period of time new currents of exchanges will be established thanks to this river route. It does without saying that the first to benefit from this new state of affairs will be the region of the basin of the Great Lakes, rich in natural resources and industrial manufacturers, which will from now on be able to ship its products or receive other directly and at a transportation cost much lower than those now existing in that region.

DOMESTIC TRADE

Coastal shipping also will enjoy an increased activity due to the realization of this gigantic project.

Thus the coastal shipping owners of Canada as well as those of the United States, and, according to present regulations, those of the United Kingdom, will

see their field of activity expand almost outright. The disparition of the barriers which are at present the canals of the Saint Lawrence and some of the canals on the Great Lakes will make it possible to heavy tonnage coastal ships to travel without interruption from the head of the Great Lakes to the Atlantic Coast.

Industry in the centre of the continent will thus be able to obtain its raw materials from the East at a reduced transportation price, which will make possible the reduction of the production costs. It will also profit from this same reduced rate to sell more advantageously its finished products on eastern markets.

It is therefore to be anticipated that new regular maritime transportation lines will be established between the ports of the Great Lakes and the main cities of the East, particularly New York and Montreal.

The volume of transportation to the East will be the more boosted and, at least in a near future, this increase will be balanced only by the shipping of iron ore from Sept-Iles and the gradual increase of overseas importations.

On the other hand, eastern industries which have no counterpart in the centre or the western part of the continent will also be able to profit from the reduced transportation rates, which will bring them closer, economically speaking, to their customers in those regions.

Quebec industrialists will be able to obtain their share of these advantages if they keep their eyes open and if they show initiative and audacity.

Most certainly, competition against the Great Lakes industries will not be easy. But we have, us also, vast natural resources and a potential of hydro-electric resources which are extremely favourable to our industrialization.

INCREASED DESEQUILIBRIUM

By consulting canal statistics, one can see that coastal shipping in the direction West-East is noticeably higher than coastal shipping in the direction East-West.

In fact, in 1954, when the coastal shipping owners transported 6,305,594 tons of merchandise to the West, they transported 23,765,107 tons in the direction of the East.

A rapid glance on the figures of the preceding years shows no important changes in the proportions of this movement.

The situation is similar as regards merchandise leaving a Canadian port for another Canadian port, the merchandise leaving an American port for a Canadian port or an American port for another American port. The movement is in reverse only as regards merchandise leaving a Canadian port for an American port. The volume of this last transportation is not very important, however, in comparison with the general picture.

It is therefore to be expected that under the present circumstances, British ships coming down from the Great Lakes towards the Atlantic with incomplete cargoes will take an increasingly greater proportion of the merchandise destined to ports along the Saint Lawrence.

As regards merchandise going upstream through the canals, overseas vessels going to the Great Lakes often arrive unloaded and very often with very small cargoes, will be in a position, thanks to cost of operation much lower than that of Canadian ships to take away from our coastal shipping owners a more and more important proportion of the merchandise they take to the West.

PARTICULAR EFFECTS ON THE PORT OF QUEBEC

As regards the Port of Quebec, the canalization of the Saint Lawrence will result in a considerable increase in the number of ocean going and coastal shipping vessels which travel up and downstream.

The transportation of the iron ore from Seven Islands to the West, which is estimated at approximately 10 million tons when the canalization is completed, will necessitate the construction of a large number of freighters specially designed for that purpose, which will sail upstream the river and the canals as far as Ontario and Lake Superior.

These freighters will eventually be in a position to come down the river as far as Quebec with important cargoes of grain from Canada and the United States, which it will be possible to transfer advantageously to oceanics sailing for overseas.

It is therefore to be expected that the Port of Quebec will experience an increased prosperity from which the local economy will benefit widely. This increase of the economic activity will be able in its turn to contribute to a more intensive industrialization of our region, which will make it possible to us, in a near future, to increase our shipments to the centre of the county.

The considerable development of the regions of Chibougamau, Lake Saint John and Chicoutimi and the construction of the railroad which will link Chibougamau to Saint Felicien also constitute two important prosperity factors for Eastern Quebec. This situation will increase noticeably our industrial production and make it possible to oceanics having their home port at Quebec or stopping over to complete their cargo.

Until now the Great Lakes cargoes taking grain down the Saint Lawrence had a marked tendency to stop at Montreal to avoid an extra 160 miles. The freighters which will be used for the transportation of the iron ore from Seven Islands, and which will have forcibly to pass by Quebec, will not meet any more this objection and it is logical to believe that this advantage will permit to the Port of Quebec to increase considerably its transhipment trade.

If the transportation of the iron ore is done by Canadian ships, we will most likely receive a much greater quantity of Canadian grain. If it is done by American ships, it is possible that we receive also large quantities of American cereals for shipment overseas.

Our port has already handled, some twenty or twenty-five years ago, certain quantities of American wheat. This trade could very well reappear here if we prepare for such an eventuality.

If we know how to make profit from it, the canalization of the Saint Lawrence could make of Quebec an important transfer port.

C H A P T E R V

CANADIAN MERCHANT MARINE

This chapter as we intend to deal with it goes a bit beyond the jurisdiction of the Commission. To clarify the subject under study, we have, however, felt it necessary to give a brief summary study of our merchant marine and of our navy, which are two important parts of our Canadian marine and which have a direct influence on the whole economy of our navigation system, particularly as regards our shipyards and our other allied industries.

HISTORY

As long as the oceans were sailed upon by iron or wooden ships, the Canadian merchant marine enjoyed a prosperity which it will probably not see again for a long time.

"By 1878 the Canadian merchant marine numbered 7,196 vessels of 1,333,015 tons, and Canada ranked fourth among the shipowning nations of the world" (12).

Following that era, United Kingdom steel ships rapidly took over from our own ships. The production of our shipyards was soon reduced to the putting together of coastal shipping vessels, schooners and tugs.

The construction of deep sea ships started again only with the outbreak of World War I, and it was for Britain which could not meet her losses. It was only around 1918 that the Canadian Government started to order the construction of ships for Canada's use. (12) Second Report, Canadian Maritime Commission, 1949, page 12.

In 1921 our merchant marine included 63 oceanics with a total of 380,000 tons. The capacity of these ships varied between 2,800 and 10,500 gross tons net.

The reduction of oceanic transportation rates in 1921 put an end to this experiment, which ended up in 1936 with a net loss of more than $82 million.

At the start of the Second World War, we had left but 38 oceanics totalling 241,684 tons.

During the course of the last war, Canada repeated its precedent experiment. In 1945, our country owned still an important fleet of 258 freighters, 150 of which belonged to the State owned Park Steamship Company, the others being loaned to the United Kingdom (one of them to Australia). At that time, we were again in fourth position amongst maritime nations. (13).

Then failure of 1936 was repeated in 1948. Our ships, too slow and too costly, could not meet the competition from more rapid and more modern units just coming out from overseas shipyards. The Canadian Maritime Commission, created in November 1947 "to put to execution the program of maintenance and development of the fleet built during war time and to assist Canadian navigation industries and maritime construction to face post-war

(13) Speech by the Right Honourable Louis St.Laurent in the Commons, Dec. 9, 1949.

problems, result of the competition of fleets flying other colours" (14) was forced by circumstances to do away with the major part of our deep sea marine of which 47 units only totalling 324,031 tons, including 13 tankers representing 123,581 tons, were still flying the Canadian flag March 31st, 1954.

In the light of these two very costly experiments, attempted in haste and under the pressure of wartime conditions and requirements, we may conclude that a merchant marine cannot be improvized and that Canada, to face foreign competition, must prepare far in advance.

Under present circumstances, it does not seem timely that the Government spends important sums of money to carry on a program of deep sea maritime construction under State Administration. This is in fact the conclusion of the Canadian Maritime Commission: "It is estimated that a deep-sea dry-cargo and tanker fleet of about 750,000 deadweights tons would be sufficient for the carriage of essential cargoes in the early stages of an emergency and to act as auxiliaries for the Defence Services. Such fleet should contain a proportion of modern vessels, faster than those comprising the present-day fleet. The present vessels are uncompetitive with foreign flag vessels in liner trades" (15).

Following the signature of the North Atlantic Treaty which provides for the common use of the merchant marine of the signing countries, the Government has judged it reasonable to reduce again that essential minimum of 750,000 tons.

The Canadian deep sea merchant fleet was represented, in fact, March 31st, 1954, by only 47 ships totalling 324,000 tons (16)

IMPORTANCE OF AN ADEQUATE MARINE

These facts which were non-existent at the time of the creation of the Canadian Maritime Commission are not without bringing about a certain perplexity. In the case of a major conflict, would it be really possible for Canada to count almost entirely on outsiders for its foreign trade and its being supplied?

We may ask ourselves if our allies will be in a position to meet their pledges.

This question becomes more acute when it comes to the United Kingdom, whose fleet will be almost entirely occupied to meet its own requirements.

NAVY

In 1953 our Navy counted 54 Heavy Units. This Navy having to be maintained, our shipyards can count upon a certain number of regular orders from the Department of National Defence, which will contribute, to a certain extent, to stimulate their respective activities.

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(14) First Report Canadian Maritime Commission, 1948, p. 5
(15) Second Report, Canadian Maritime Commission, 1947, page 9
(16) Seventh Report, Canadian Maritime Commission, 1954, page 4

C H A P T E R VI

SHIPBUILDING

GENERALITIES

The Canadian shipbuilding industry has fluctuated in accordance with the prosperity of our fleet.

During the periods of great activity, it rendered inappreciable services not only to the country but also to those allied countries with whom we had linked the fate of our arms.

During the course of the last War, this industry employed as many as 75,000 persons. (18).

Today, as always, it shares the fate of our merchant marine, which is going through a critical period.

EFFECTS ON THE NATIONAL ECONOMY

The highs and lows of this industry, which do not depend upon the general prosperity of the nation, but rather upon a foreign competition over which we have no influence, affects continually our national economy.

In 1953, 79 shipyards employed 22,571 persons to whom were paid in salaries and wages a sum of $72,732,056. During the course of the same year, the value of the manufactured products amounted to $183,215,310 (19).

These figures, which represent a considerable increase in comparison with the preceding years, particularly the year 1951, is indicative of the international conditions created by the Korean War which brought about a rise in the rates of oceanic transportation and boosted to a large extent our maritime transportation industry along with our shipbuilding.

Unfortunately, this tendency to a rise has disappeared since the end of the hostilities in Korea, and our shipyards when they will have filled their current requirements, will be in a situation similar to that of 1951.

EFFECTS ON THE LOCAL ECONOMY

The effects of the fluctuation in the activities of shipbuilding are being felt more directly on the regional or local economy.

In 1953, the ten shipyards of the Province of Quebec gave employment to 10,719 persons to whom were paid salaries and wages valued at $4,005,878. The value of their production that year was $87,289,590.

When, during 1954, employment in shipyards amounted to 23,895 men (20), representing an increase of 1,324 over the preceding year, that of the Province of Quebec shipyards had gone down by 2,024 from 10,719 it was in 1953 to 8,695 in 1954.

(18) Second Report Canadian Maritime Commission, 1949, page 50
(19) D.B.S., The Shipbuilding Industry, 1953.
(20) D.B.S. Employment and Payrolls, July 1954.

This reduction is the more serious as our shipyards are located in two regions only, that of Montreal and Sorel and that of Quebec.

When Quebec shipyards employed as much as 8,000 men during the course of the last war, its employment, at the time of preparing this memorandum, does not exceed 2,000.

It must further be noted that the shipbuilding industry, similarly to that of public buildings and homes, has this particularity that it consists mostly in the assembly and mounting of materials fabricated by other enterprises.

Thus, according to the Dominion Bureau of Statistics, some forty miscellaneous materials of a value of more than $35 million in 1951 and more than $60 million in 1952 were used by the shipbuilding yards, which represents approximately 40% of the value of the manufactured products.

By stimulating shipbuilding, employment is created not only in the yards themselves, but also in the related industries.

The fluctuations in employment in shipyards contribute greatly to unemployment in our region. It would, therefore, be opportune to take the steps necessary to stabilize that industry to the advantage of Canada and that of our region.

The conclusions of the Maritime Commission are not very encouraging in this matter. In fact, the Commission establishes the following principles:

"Having regard to cost of construction and operation and taking trade balances into consideration, it is inadvisable as well as uneconomic for Canada to consider the construction and operation of a Canadian flag, ocean-going merchant marine of sufficient dimensions to accommodate all her export trade or any fixed percentage thereof.

"The experience of the last two wars indicate that Canada must be prepared to assist her allies in the construction and the repairing of naval and merchant vessels in the case of another war particularly because of the vulnerability of shipbuilding and ship repairing industries in the United Kingdom and continental Europe.

"The experience of the last war also indicates that Canada's national security requires that there should be available under Canadian registry a small and efficient ocean-going fleet for supply purposes and for the transportation of essential materials.

"On the grounds of national security it therefore appears advisable to maintain the shipping and shipbuilding industries in Canada on a nucleus basis capable of rapid expansion in an emergency.

"It is estimated that the shipbuilding industry can be maintained in Canada on a nucleus basis by the employment of 7,000 men in strategically placed shipyards. One half of this number of men would normally be engaged in ship repair".

This policy is an indication to us that if we maintain the same proportions of employment in our shipyards, employment in the yards of the Province could eventually be reduced to approximately 2,350 men, which would leave to the Quebec region only a global employment barely higher than 1,000.

Moreover, the words "situated at strategic points" included in the above quotation indicate that some shipyards considered not situated at strategic points may eventually become inactive. It is to be hoped that this unfortunate fate is not reserved to the Quebec region shipyards, which are among the best equipped and the best situated in Canada.

SUPPORT OF OUR INDUSTRIES

The Canadian Maritime Commission, in its study of the problems of our navigation and shipbuilding industries, expressed certain fear relatively to a too radical reduction of our deep sea merchant marine. It reports:

"In our opinion the justification of the Canadian shipping and shipbuilding industries must finally rest upon the grounds of national security. It is suggested that Canada may look to the United Kingdom and to the United States for a supply of ships during an emergency. It appears to us that Canada has reached a stage in her development when she should no longer be entirely dependent upon others for security. Moreover, as a result of sinkings in the 1914-18 war it was found necessary to revive the shipbuilding industry and to build ships in Canada. A similar situation arose in the 1939-45 war when it became urgent at the outset that ships should be built in Canada as fast as possible and be manned by Canadian crews. As a result of war necessity Canada became possessed of a fleet and a shipbuilding industry each of which in the year 1946 ranked fourth in the world. As we have previously mentioned, both industries fell to pieces after the 1914-18 war. The question is whether it is advisable to treat these industries in Canada in the same way as munition plants to be hastily constructed in time of emergency and to be dismantled after the danger is past.

"On two occasions Canada has succeeded at considerable cost in rebuilding both industries, and physically it might be possible to do so again. The main argument against the dis-establishment of the two industries lies in the loss of trained seamen and skilled artisans. This is especially true in the case of the shipyards where a body of highly trained technicians and artisans now exists. The danger of time-lag must be recognized. It not only takes time to create facilities but also to assemble trained workmen with the necessary skills and it is possible that such time may not be available in another emergency." (22)

We therefore conclude that it is necessary for Canada to maintain a deep sea merchant marine sufficient to assure our national security and also suggest the co-ordination of the nation's shipbuilding programme with that of our coastal shipping requirements. There is a close relation between those two types of marines which

(21) Second Report Canadian Maritime Commission, 1949 pp.8 and 9.
(22) Second Report, Canadian Maritime Commission, 1949, page 46

should co-ordinate their efforts to serve Canada at all times, but particularly in times of emergency.

The fate of our shipyards depends directly upon the activity of our three fleets: our navy, our deep sea merchant marine and our coastal shipping fleet.

C H A P T E R VII

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

National security requires the upkeep of a deep sea Canadian merchant marine and of well equipped shipyards and, at the basis of that marine, a Canadian coastal shipping fleet is essential.

It has been proven, on the other hand, that the Canadian deep sea merchant marine is not in a position to sustain the present foreign competition and that it will not be able, in consequence, to expand much before several years.

As long as the international tension will exist, the upkeep, the modernization and the expansion of our navy will contribute to keep alive our shipyards, but this type of construction must not be considered as permanent.

On the other hand, the repair work on ships cannot maintain full activity our shipyards, no more than can orders from the outside, which, in any case, are not very important.

Until now, our coastal shipping marine has, not only met its expenses, but shown to be profitable to Canadian owners. Its upkeep and maintenance have also contributed to a large extent to occupying our shipyards and their related industries.

Unfortunately, the ruinous foreign competition which hampers our deep sea merchant marine threatens also today our coastal shipping industry and there is no doubt that the competition from United Kingdom ships will increase noticeably when the canalization of the Saint Lawrence seaway is completed.

RECOMMENDATIONS

In facing these facts, the Quebec Board of Trade has no hesitation in recommending the privilege of colours to our St. Lawrence and Great Lakes caostal shipping marine, such privilege, from now on, being reserved to ships built in Canada.

Such a step is the only one which may protect with efficiency our ship owners against foreign competition and contribute at the same time to the prosperity of our shipyards and to our national security.

AUTHORITY

The Quebec Board of Trade, founded February 21st, 1809, is governed by a special Charter granted under Act 4 and 5 Victoria, Chapter 92, sanctioned March 19th, 1842 and amended in 1845 and in 1889. Its jurisdiction extends to the territorial limits of the City of Quebec. It has nearly 1,300 members in good standing, all businessmen, and it represents all the various sections of our local and regional economy.

At its May 5th, 1955, meeting, the Board of Directors established a Port Committee, the chairmanship of which was given Mr. Isidore C. Pollack, General-Manager, Maurice Pollack Limited, and the Vice-Chairmanship to Mr. Yvon R. Tasse, Professional Engineer and member of the firm Tasse, Sarault and Associates.

As early as May 7th, 1955, the Port Committee held a first meeting and decided to entrust a sub-committee with the responsibility to prepare a memorandum on coastal shipping to be presented to the Royal Commission on Coasting Trade. Chairmanship of that sub-committee was given Mr. Pierre Boutin, President, P.A. Boutin Inc., who recruited the assistance of the following to carry on his assignment: Mr. Alphonse Proteau, President Lesage, Proteau Limited and President Quebec Board of Trade; Mr. Isidore C. Pollack; Mr. Yvon R. Tasse; Mr. Robert Black, General-Manager, Davie Shipbuilding Ltd.; Rodolphe A. Leblanc, Transport Manager, Saint Lawrence Cement Company; Andre Roy, General Confederation Catholic Workers Syndicate; Theo. Miville Dechene, Professional Engineer of the Provincial Public Services Commission; Mr. Marc Turcotte, Economist and Professor at the Faculty of Commerce at Laval University; Mr. Antoine Turgeon, newspaperman at "Le Soleil"; Mr. Charles Eugene Pelletier, newspaperman at "L'Action Catholique", and Rene Lagace, newspaperman at "The Quebec Chronicle-Telegraph".

Mr. Yves Poisson, Secretary-Treasurer of the Board of Trade and General-Secretary of the Port Committee, is acting as secretary of the sub-Committee and Editor of this brief.

This memorandum was adopted by the sub-committee on coasting trade at a meeting held Monday June 27th, 1955 and by the Port Committee at a meeting held June 28th, 1955. The Board of Directors of the Quebec Board of Trade adopted the above memorandum at a meeting held Wednesday June 29th, 1955.

SUBMISSION

of the

GOVERNMENT OF SASKATCHEWAN

to the

ROYAL COMMISSION

on

COASTING TRADE

GENERAL

Because of its climate, soil, and topography, the economy of Saskatchewan is predominantly agricultural, and within the agricultural industry the growing of wheat is the single most important activity. In fact, agricultural production contributes up to 75 per cent of the net value of commodity production, and wheat constitutes the chief source of cash income. The high degree of specialization is clearly evident from the figures in the following two tables:

Table 1. - Net Value of Commodity Production, Saskatchewan
($000,000)

Industry	1948	1949	1950	1951	1952
Agriculture	465	484	393	705	749
All other	171	157	154	186	219
	636	641	547	891	968

Source: D.B.S., Survey of Production

Table 2. - Farm Cash Income, Saskatchewan
($000,000)

Source	1948	1949	1950	1951	1952
Wheat	296.8	361.6	214.9	404.4	460.3
Coarse Grains & Flax	75.8	60.6	56.2	67.3	118.9
Livestock	102.9	94.1	100.8	111.6	78.0
All other farm products	58.7	49.8	40.6	52.9	52.9
Supp. payments	16.7	14.2	8.2	5.5	2.6
Total cash income	550.9	580.3	420.7	641.7	712.7

Source: D.B.S., Farm Cash Income

The inevitable corollary to this specialization in staple production is that Saskatchewan relies heavily on export markets for the sale of its commodities. At the same time a very large part of its requirements in consumer and producer goods, such as farm machinery, automobiles, building supplies and canned goods, must be imported from other parts of Canada. The geographic location of Saskatchewan relative to its markets, and the bulkiness and volume of its import and export commodities, clearly indicate the great importance of transportation to the wheat economy. Indeed, any reduction in

transportation costs has an immediate effect on income and living standards, while higher transportation costs serve to narrow the limits of economic production in the prairie region.

GRAIN AND THE COASTING TRADE

The grain trade is all-important to the economic life of Saskatchewan and the coasting trade on the Great Lakes - St. Lawrence water system plays an important role in the movement of grain from west to east. The degree of this importance is indicated below in Tables 3 and 4.

Table 3. - Production of Principal Grains, Prairie Provinces
(000,000 bu.)

	1948	1949	1950	1951	1952
Wheat	356	341	427	529	664
Oats	224	190	254	340	346
Barley	142	109	157	234	281
Rye	22.4	7.6	11.2	16.0	23.2
Flaxseed	16.8	2.1	4.3	8.9	11.3

Source: D.B.S., Grain Trade of Canada

Table 4 - Lake Shipments of Canadian Grain from Ft. William-Pt. Arthur
(000,000 bu.)

	1948-49	1949-50	1950-51	1951-52	1952-53
Wheat	159.9	165.0	141.7	253.1	251.8
Oats	39.7	41.2	45.1	82.9	81.1
Barley	37.9	33.8	34.5	73.3	109.1
Rye	12.3	9.7	8.9	7.0	10.7
Flaxseed	9.6	4.3	3.6	4.1	6.05

Source: D.B.S., Grain Trade of Canada

The difference between the amount of production and the amount shipped from the Lakehead is made up of grain destined for Churchill, the Pacific Coast, or processing plants in Canada, plus amounts held in storage on farms or in elevators. Considering wheat alone, it is evident that in each of the years cited, somewhat more than one-third of production was shipped by water from the Lakehead ports. The significance, both of the construction of the Seaway, and the conditions which will govern the coasting trade, with respect to this traffic in wheat can be seen in the data contained below in Table 5.

Table 5. - Disposition of Wheat at the Lakehead
(000,000 bu.)

Wheat shipped from Lakehead	1948-49	1949-50	1950-51	1951-52	1952-53
To Canadian ports	145.4	152.5	121.6	212.0	229.6
To U.S. ports	14.4	12.3	20.0	41.0	21.7
Direct to Europe	-	0.2	0.1	0.1	0.2
Exported via Canadian Atlantic St. Lawrence ports (trans-shipped)	103.5	98.8	91.5	151.2	188.8
Carried in Coasting trade but not exported	41.9	53.7	30.1	60.8	40.8

Source: D.B.S., Grain Trade of Canada

The president of the St. Lawrence Seaway Authority, the Hon. Lionel Chevrier, when speaking in Winnipeg on February 5, 1952, said:

> You are aware no doubt that the Board of Grain Commissioners allow a freight charge of 8 cents a bushel for the water movement of wheat from Port Arthur and Fort William to Toronto, about 900 miles. For the remaining 300-odd miles to Montreal, where the movement is entirely in canallers, the allowance is another 8 cents a bushel. If the large vessels could carry the wheat the whole 1,200 miles to Montreal, it is reasonable to speculate that the total water freight today would be not more than 11 cents a bushel, instead of 16 cents. That would be a saving of 5 cents a bushel in freight rates alone, not counting the saving in trans-shipment charges, which are not less than another cent a bushel.

This potential saving in transportation charges will apply in whole to grain exported via Canadian Atlantic - St. Lawrence ports, and in part to grain carried to U.S. ports and to Canadian destinations. While there will probably be an increase in shipments direct to Europe once the completion of the Seaway enables larger ocean-going vessels to reach the Lakehead, a substantial volume of grain will continue to move in the coasting trade, and consequently falls within the purview of the terms of reference of the present Royal Commission. In this regard, Saskatchewan's position is clear: water freight rates should be kept to a minimum, and in the view of the Government of Saskatchewan this can best be achieved by ensuring that maximum competition prevails in the water transportation industry.

THE CANADIAN SHIPPING INDUSTRY

The position has been taken by those engaged directly or indirectly in the Canadian shipbuilding industry that Canada should maintain and expand her own shipyards and fleet of merchant ships. A similar stand is taken by others who are thinking specifically in terms of national defense. These groups argue that efficient Canadian shipyards capable of rapid expansion are vital to Canada's defense and security. They further argue that the Canadian shipbuilding industry can be maintained and expanded only by restricting the coasting trade of Canada to ships built and registered in Canada. Whatever the nature of the special protection and support which is requested for the shipping and shipbuilding industries, the fact of the matter is that they apparently cannot survive without it. On a cost basis Canada cannot meet foreign competition in the building and operating of ships, and since World War II the number of Canadian built and operated ships has declined rapidly. It is our view that, on strictly economic grounds, it would be irrational to protect and encourage development in an industry in which Canada suffers a decided disadvantage, and that capital and labor resources could be more properly utilized in other industries in which Canada can meet foreign competition.

If foreign shipping is prohibited from participating in the Canadian coasting trade, then, because of the higher costs of building and operating Canadian ships, water transportation costs will be higher. The increased costs will be borne by the users of water transportation and this can only mean that the range of profitable economic activity for primary producers such as grain growers and others who ship by water will be correspondingly restricted. Canada's foreign trade will also be unfavorably affected to the extent that foreign nations are prevented from earning dollars in the shipping industry as a means of purchasing Canadian exports.

In view of these considerations, the Government of Saskatchewan is not convinced that the Canadian shipping and shipbuilding industries should be protected by the imposition of restrictions on the entry of foreign shipping into the coasting trade. As far as defense and security are concerned it is highly debatable whether the requirements of World War II are applicable to the changed circumstances of today. However, it is not intended to embark on a discussion of so difficult and obscure a problem, but simply to observe that if defense considerations prevail, in that event the cost of supporting a Canadian shipping and shipbuilding industry should be borne equally by all members of the Canadian community in the form of a direct subsidy from the federal treasury.

NATIONAL TRANSPORTATION POLICY

The Government of Saskatchewan wishes to draw the attention of the Commission to particular aspect of the interdependence of transportation in Canada. This is the extent to which reduced water transportation costs arising from the development of the St. Lawrence Seaway will take away traffic from the Canadian railways.

If the water rate reductions are substantial, it is reasonable to expect that the railways will lose business to the waterways, at least in the short run, and this loss in traffic will be confined to the eastern and largely to the central provinces. Over the long term it may be true that the Seaway development will stimulate such economic expansion that all Canadian industries, including railways, will find their volume of business increased. But in the short run, which may well be a number of years, the railways may desire to raise their freight rates in order to offset the loss incurred by reduced traffic. Road and water competition will keep freight rates at a minimum in eastern Canada. But in the West such competition does not exist to the same extent and it is for this area that freight rate increases are likely to be requested.

If these possibilites become realities, there will be the question of what to do about Canadian railways. Heavy investments in Canadian railways were made in the interests of national development. They have developed in such a way that they are an essential instrument in the Canadian economy. Their importance to western Canada need hardly be stressed. Thus Canadian railways cannot be abandoned nor can they continue to function if they incur heavy losses as a result of the St. Lawrence Seaway development. They will require some kind of compensation.

The Government of Saskatchewan contends that this compensation should not take the form of increased freight rates in western Canada. The cost of compensation should not be borne unequally by different sectors of the Canadian economy. There are two reasons for this contention. First, increased freight rates in the West will work to the economic detriment of grain growers and other Canadians who depend on the western Canadian agriculture. Secondly, railways were developed and maintained in Canada's national interest and are therefore the responsibility of the whole Canadian community. It is not intended here to elaborate further on this matter since the whole question of national policy and transportation has been more fully dealt with in Part II of the Submission of the Province of Saskatchewan to the Royal Commission on Transportation, 1949.

Because of the inter-relationship between one form of transportation and another, and because of the unequal impact of this inter-relationship between one region and another, it is our view that the coasting trade must not be considered in isolation from the rest of the transportation system of Canada. The observations and recommendations made in the Report of the Royal Commission on Transportation, 1951, (pp. 279-280) are especially significant in this connection. It is pointed out that three separate bodies, the Board of Transport Commissioners, the Air Transport Board and the Canadian Maritime Commission, have responsibility for the regulation and control of the various types of transportation. But railways, waterways, airways, highways and pipelines "...are distinct agencies which are inseparably inter-related. They should be so regulated as to serve not only individually but collectively in meeting the country's needs." The Report recommends to the Government of Canada that a Central Authority be

constituted which would co-ordinate and harmonize transportation services in the public interest.

RECOMMENDATIONS

Because transportation plays a vital role not only in the economy of Saskatchewan but also in the economy of Canada, the Government of Saskatchewan urges the Royal Commission on Coasting Trade to recommend to the Government of Canada:

1. That the primary policy objective of the Government of Canada toward transportation should be to insure the provision of transportation services at minimum cost. This can be achieved by making sure that transportation industries are truly competitive or by direct government intervention and supervision (especially with respect to freight rates). This latter practice is already well established so far as railways are concerned but very little regulation is provided for water freight rates.

2. That where public support is necessary to provide transportation services, then support should be provided in such a way that the burden of cost bears equally on each member of the Canadian community.

3. That a Central Transportation Authority be constituted that would not necessarily replace the existing transportation authorities, but would rather complement the work of existing bodies, and would have as its objective the integration and overall co-ordination of various types of transportation services so that they would serve collectively in Canada's best interest,

All of which is respectfully submitted on behalf of the Government of Saskatchewan.

Hon. L. F. McIntosh,
Minister of Municipal Affairs.

Regina, Saskatchewan,
June 21, 1955.

B-91

GILLESPIE-MUNRO LIMITED

266 Notre Dame St. West
Montreal, Canada

June 28th, 1955.

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ont.

Gentlemen:

During the past several years this Company has represented various Canadian interests with freight to move in considerable quantities to Canadian Labrador and Arctic points. We have also represented various vessel owners located in the Maritime Provinces who operate vessels from Montreal or other St. Lawrence ports to the Labrador coast and to Arctic points.

The type of vessel required for service north of the Straits of Belle Isle has in the past few years changed from small 300/400 ton capacity ships to vessels carrying anywhere from 500 to 5,000 tons each. The smaller ships formerly useful in this trade have gradually been rendered obsolete.

The season of Navigation to Points in the North is very short, - opening at Goose Bay about June 1st and gradually extending to the last week of July when vessels enter the Hudson Bay area. At the termination of the season, vessels should be out of Hudson Bay by about October 1st and working southward to where the last vessels can leave the Labrador coast about November 1st. This gives a maximum season of navigation for the southern part of the Labrador coast of about four and one-half months, vessels entering the Straits into Hudson Bay only two and one-half months and vessels going to such places as Resolute Bay or Foxe Basin an absolute maximum of one month operation.

During these short periods of navigation, the cargo, which is increasing in volume annually, must be moved on vessels making one and sometimes two trips a season. We have in the past used some canal type lake vessels operating under Canadian flag but have found that this type of ship is not satisfactory on a long voyage because they are not designed for deep sea, salt water operation; neither are their officers and crews experienced in such operations. The supply of these lake vessels (equipped for such an operation) is very limited as they are mainly used at the present time for traffic in the St. Lawrence and Great Lakes.

In order to carry cargo into the far North, it has been necessary for us to take under time charter ships of British registry which, of course, are authorized for Canadian coastwise traffic. It has not been economically possible to bring these vessels from England to Canada for one or two trips north and then to redeliver them back on the other side of the Atlantic. Accordingly, the vessels which we have found suitable must be chartered on a competitive basis and given anywhere from four to six months employment before their owners are interested. In order to fill up the blank periods before and after the season of operation in the North, as explained above, we have found it necessary to utilize such vessels for trips from St.Lawrence ports and, very occasionally, from Great Lakes ports to the Gulf of St.Lawrence and Newfoundland. If these latter trips should be cut off by the restriction of such trades to Canadian flag vessels, it would be impossible to charter British vessels on terms which would be economically possible for the operation of the few voyages they could make into far northern waters. It would also be virtually impossible to build, buy and operate Canadian ships for such a short season into the North without radically increasing the present high cost of transportation to this area. This would

create a considerable hardship to the various interests who are endeavouring to build and develop our north country.

A considerable fleet of small handy size ocean freighters would be required to move the tonnage now offering to the north country and under present cost of operating Canadian flag tonnage, one would wonder what could possibly happen to these ships after the northern season were concluded and when such small type of vessels would have to compete with world tonnage in world markets.

We very strongly feel that this is not the right time to restrict the operation of ships in the Canadian coastal waters solely to Canadian registered ships beyond those restrictions now in force.

If any further facts or figures are required by the Commission, we would be very glad to submit them or testify verbally at any hearing which may be called.

Yours very truly,

GILLESPIE-MUNRO LIMITED

(Signed) D. B. Munro

Vice-President.

B.92

S U B M I S S I O N

O F

CANADIAN NATIONAL RAILWAYS

T O

THE ROYAL COMMISSION ON COASTING TRADE

P A R T I

THE EXTENT OF THE CANADIAN NATIONAL'S INTEREST IN THE COMMISSION'S INQUIRY

The Canadian National has a direct interest in the matters into which the Commission has to inquire under the broad terms of reference contained in Order in Council P.C. 1955-308 of March 1, 1955.

The coasting trade is a part of the domestic transportation machinery. As the nation's largest rail carrier and as an operator of coasting vessels in both Atlantic and Pacific waters, the Canadian National is an integral part of that machinery and has a vital interest in anything which may alter the framework of competition within which it functions.

In its approach to this particular problem, as to others affecting the railways, the Canadian National's views stem from a consistent policy which values vigorous and orderly competition as a spur to efficiency and the surest guide to a sound national transportation system adaptable to change. It is not a part of that philosophy that regulation should be used to circumscribe or artificially limit the inherent economic strength of any medium of transportation.

The Canadian National lives wholly within a regulatory framework intended to reflect the national interest in, and dependence on, low-cost, year-round rail transportation. Its wages and material prices are keyed to the general Canadian price level. A part of this total domestic price environment in which the Canadian National operates, is the structure of customs tariffs which have been evolved over the years and which may be presumed to reflect the interests of the nation.

The position of the water carriers serving the domestic market is not the same, however. Water carriers live only partially within a regulatory framework, and there are some who do not operate within the domestic price environment; whose wages and material prices are not related to Canadian price levels, and whose capital equipment is, in effect, imported without being subject to the customs tariffs placed on other producers' goods.

This disparity takes on new dimensions with the imminence of the St. Lawrence Deep Waterways. The vastly increased opportunities for intra-Canadian water-borne

commerce which will result from the completion of the Seaway will introduce a new era in Canadian transportation, characterized by a much broader basis of competition between rail and water carriers.

The implications are of particular significance to the Canadian National, whose main lines skirt the shores of the Upper Lakes and the St. Lawrence River, and generally run parallel to the Great Lakes - St. Lawrence waterway throughout its 2,300-mile length.

Preliminary estimates based on the 1953 traffic pattern indicate that with the completion of the Seaway, some $38 million, annually, of Canadian National traffic will come within the enlarged scope of water competition, practically all of it intra-Canadian traffic moving in the Great Lakes - St. Lawrence area.

With a stake of this magnitude, the Canadian National is vitally concerned with the establishment of a rational and equitable competitive framework under which this greatly increased scale of inter-carrier competition can operate in the public interest by the free but orderly expression of the inherent economic strength of each type of carrier.

Failure to establish such an environment would have serious implications not only for the railways, but also for the economy as a whole, having regard to the degree to which rail carriers underwrite the national transportation market.

This brief will examine the requirements of an adequate framework, first in terms of the price environment in which competing carriers operate, and then in terms of regulations.

P A R T II

REQUIREMENTS FOR THE ESTABLISHMENT OF A RATIONAL AND EQUITABLE COMPETITIVE FRAMEWORK

1. Price Environment

Under Part XIII of the Canada Shipping Act, there is a general statutory bar against foreign ships engaging in the coasting trade of Canada, except that the Governor in Council may lift the prohibition in certain cases.

By definition in the Act, "foreign ship" means a ship other than a British ship, and "British ship" includes a Canadian ship and any other ship of British registry or registered in any part of Her Majesty's dominions, owned by a British subject.

Under the Act, a British-built ship can engage in the coasting trade of Canada with the same rights and privileges as a Canadian-built ship. The only exception is that a foreign-built British ship must obtain a licence from the Minister of National Revenue, upon payment of a 25% duty on the market value of the ship.

Therefore, British-built ships which are able to operate in the domestic transportation market, but outside the domestic price environment, have a very substantial margin of advantage over their competitors, the Canadian-built ships and the rail carriers. The duly-licensed foreign-built British ship enjoys a similar advantage, which is only slightly reduced in extent by reason of the 25% duty which has to be paid.

The magnitude of this advantage and its implications for the competitive relationships between rail and water carriers can be practically demonstrated by a comparison drawn in terms of ship operation. The Annual Report of the Canadian Shipbuilding and Ship Repairing Association, 1953-1954, shows that a British sailor employed on a British-registered vessel engaged in the Canadian coasting trade receives a basic monthly pay of $90.63, as compared with $204.00 paid to a Canadian seaman similarly engaged. It has been estimated that the average total operating cost, excluding interest and depreciation, of a British-built and registered vessel is approximately 40% to 50% below that of its Canadian counterpart.

Another margin of advantage accrues to the operators of such ships from the unrestricted importation of their capital goods. The report of the Canadian Shipbuilding and Ship Repairing Association points out that British shipyard workers receive an average hourly wage of approximately 60¢, whereas a Canadian shipyard worker receives an average of $1.38 to $1.95 per hour, depending on the geographical location of the shipyard. The report summarizes the situation as follows:

"despite the fact that Canadian shipyards compare very favourably with British and overseas yards in production techniques, quality of work and man-hour production, Canadian building costs exceed those of the United Kingdom by about 40%. The difference in price represents the difference in wages paid and material costs."

What this means is that, in contrast to the conditions which govern Canadian rail carriers, operators of British ships other than Canadian ships are able to dissociate themselves from the Canadian wage structure, and operators of British-built ships are also able, in effect, to import their capital equipment into the Canadian domestic transportation market without being subject to the Canadian customs tariffs, a privilege of which the nation's railways are deprived.

The implications may be readily illustrated by the following examples of the duty applied to major items of British manufacture required by the Canadian National: electric cable, 15%; cranes, shovels and dragline, 10%; lubricators and parts, 10%; machinery, 10%; electric motors, 15%; pneumatic tools, 10%; track fastenings, $5.00 per ton; and steel wheels, 7½%.

Not only must railway goods manufactured abroad enter Canada under the customs tariff structure, but under Tariff Item 436, duty must likewise be paid on foreign rolling stock used even temporarily in the transportation of goods from one point to another in Canada.

The impact of this cost advantage has, up to now, been cushioned by reason of the physical limitations of the canal system which prevent ships sufficiently large to compete effectively with the railways from passing into the Great Lakes, the area of the greatest traffic density.

Notwithstanding this fact, in 1953 (the latest year for which official figures compiled by the Dominion Bureau of Statistics are currently available), British vessels unloaded 1,725,949 tons, or 5.3% of the total of 32,467,480 tons of intra-Canadian waterborne cargo.

One can already visualize what will take place when the St. Lawrence Seaway has been constructed. With the increased potential for domestic waterborne commerce and the removal of the physical obstacles to the Great Lakes, these operators will have both the incentive and the opportunity to exploit the cost advantages associated with operation divorced from the domestic price environment. The seaway will not alter the need for efficient, year-round rail service, bearing in mind particularly that the seasonal limitations of the inland waterways will still exist. Railway expenses do not vary directly with short-term fluctuations in traffic; nevertheless, these expenses must somehow be met. It follows that a diversion of traffic from rail to water carriers based on the cost advantage stemming from the privilege of operating from outside the domestic price and wage structure, would not be accompanied by a proportionate reduction in railway operating expenses. From the standpoint of Canada's national accounts, therefore, the apparent savings to be achieved by a diversion of traffic from rail to water carriers under these circumstances would be to a

considerable degree illusory.

In terms of the effect of the Seaway on national income, there is a strong case, therefore, for ensuring that all competing carriers be made to operate within the domestic price environment.

Essentially, this would require, first, that all water carriers serving the domestic transportation market operate under the Canadian wage structure, and, second, that their capital equipment, if produced abroad, enter Canada under the same terms and conditions as do other producers' goods.

One practical means of securing the first requirement would be that adopted by Australia. Reference is made to section 288, Part IV, of the Australian Navigation Act, 1912-1935, which reads, in part, as follows:

> "...(3) Every licence (to engage in the Coasting Trade) shall be issued subject to compliance on the part of every ship, her master, owner, and agent, during such time as she is engaged in the coasting trade, with the following conditions:
>
> a) That the seamen employed on the ship shall be paid wages in accordance with this Part of the Act.
>
> b) That, in the case of a foreign ship, she shall be provided with the same number of officers and seamen, and with the same accommodation for them, as would be required if she were a British Ship registered in Australia...".

With respect to capital equipment, the customs duty should be set with a view to providing a fair basis of competition with carriers who operate within the domestic price environment. The object of the duty is not to prohibit the operation of British-built and registered ships, but merely to establish an equitable competitive basis within the domestic transportation market.

A need would exist, therefore, for a provision permitting the payment of duty on a time basis, a privilege now extended to foreign-built British ships temporarily engaged in the Canadian coasting trade by virtue of exemptions granted by the Governor in Council. To insist on the payment of the full impost at one time would raise an undue obstacle to British vessels entering the Canadian domestic transportation market on anything other than a permanent basis.

While the Canadian National is concerned primarily with the final result, rather than with the means by which it is to be achieved, it expresses the view that the national interest would be best served by legislation achieving the desired objective of a uniform price environment without in any way limiting sound competition based on operating efficiency.

2. Regulations

In sharp contrast to the nation's railways which, in the Canadian National's view, are over-regulated, there is a large proportion of the ships engaged in coasting trade which is not subject to any regulatory control. The Canadian National's submission, however, is not that such regulations as do exist, governing the operations of coasting vessels, should be made more rigid, but only that they should be made to apply to a greater number of ships than they cover at present.

Under the Transport Act (R.S.C. 1952, c. 271), various categories of vessels are exempt from the jurisdiction of the Board of Transport Commissioners either because of their tonnage or by reason of the type of goods which they carry, or the ports between which they ply.

The first exclusion from the Board's jurisdiction under the Act (section 2(1)(k)), covers all ships of less than five hundred tons gross tonnage used in navigation on all waters in Canada except the Mackenzie River.

Also excluded from the Board's control are all ships which engage in the transportation of "goods in bulk" on waters other than the Mackenzie River. This exclusion is quite extensive, as "goods in bulk", as defined in the Act (section 2(1)(d)) means

> "...the following goods laden or freighted in ships, and except as herein otherwise provided, not bundled or enclosed in bags, bales, boxes, cases, casks, crates or any other container:
>
> (i) grain and grain products, including flour and mill feeds in bulk or in sacks,
>
> (ii) ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed), including ore concentrates in sacks, sand, stone and gravel, coal and coke, liquids,
>
> (iii) pulpwood, woodpulp, poles and logs, including pulpwood and woodpulp in bales, and
>
> (iv) waste paper loaded as full ship's cargo, iron and steel scrap and pig iron;"

Vessels transporting "goods in bulk" need no licence except such as may be exacted by the Department of Transport in the interest of safety of life and property, and the rates charged by such vessels are not subject to regulation by any public body, save that as regards grain, the contract of carriage must be submitted to the Board of Grain Commissioners which is empowered to prescribe maximum tolls.

Another important exclusion under the Act is the one provided in section 12, which covers

> "...ships engaged in the transport of goods or passengers
>
> (a) between ports or places in British Columbia, or
>
> (b) between ports or places in Hudson Bay, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, and the Gulf and River St. Lawrence east of the western point of the Island of Orleans, or between any two or more places therein..."
>
> "...ships engaged in the transport of goods or passengers between ports or places in the Maritime Provinces and ports or places on the Great Lakes..."
>
> "...ships engaged in the transport of goods or passengers between ports or places on the Pacific Ocean and ports or places on the Atlantic Ocean or the Great Lakes..."

The practical import of all these exemptions from the Board's jurisdiction is that the Board's authority is limited to a particular group of vessels, generally referred to as "package freighters", and to such of those vessels as trade wholly within the Great Lakes, west of the Island of Orleans.

A regulatory framework thus limited in scope is not broad enough to protect the national interest in transportation and falls short of providing a sound and equitable basis for the intensified inter-carrier competition which will be engendered by the Seaway.

The reasons which caused the so-called "package freighters" on the Great Lakes to be brought under the Board's control apply equally well in the case of any vessel similarly engaged in any other area or segment of the Canadian coasting trade. The point is not only one of equality and consistency within the coasting industry, but also as between rail and water carriers.

The Canadian National is of the view that:

a) The jurisdiction of the Board of Transport Commissioners should be extended to all ships engaged in the movement of domestic traffic subject to inter-carrier competition. Only such ships as engage in "bulk" movement as understood in the economic sense should be excluded from the Board's regulatory powers; and "bulk" in that sense would be limited to traffic carried undifferentiated in vessels specially designed for the movement of goods in shipload lots. From a practical point of view, there are such substantial differences in transportation requirements for this type of traffic, that no other carrier can compete effectively.

b) The regulatory powers of the Board should, in equity, be applied uniformly to ships in all segments of the coasting trade, including those trading on the Atlantic and Pacific coasts, in the inter-coastal service, and between the Atlantic and Pacific coasts and the Great Lakes, all of which are as much a part of the domestic water transportation system as are ships operating in the Great Lakes.

c) The jurisdiction of the Board over the vessels specified in "a" and "b" above should be extended further to cover all such vessels having over 100 tons' gross tonnage. The present limitation of 500 tons exempts from regulation a sizeable group of vessels which, in aggregate, play an important role in the intra-Canadian movement of goods by water. An exemption of 100 tons would, in the opinion of the Canadian National, be sufficient to exclude, for administrative convenience, vessels whose operations are not on a commercially significant scale.

3. Tolls on Users of the Seaway

A requisite step towards the providing of an adequate competitive framework, particularly as regards rail and water carriers, has already been taken by the inclusion in the St. Lawrence Seaway Authority Act of a section which provides that the Seaway shall be placed on a self-liquidating basis through the collection of adequate tolls from the users.

The navigational phase of the project will call for very sizeable expenditures, and it is only fair that the cost be borne by the users; but the existing legislation does not go far enough. While firm estimates are still lacking, it is recognized that substantial expenditures will have to be made on the nation's harbours and port facilities to equip them for the efficient handling of the traffic contemplated by the Seaway project. These investments are an integral part of the Seaway development and should, for the same reasons underlying the principle of self-liquidation as applied to the Seaway proper, be defrayed by the users.

P A R T III

CONCLUSIONS AND RECOMMENDATIONS

The Canadian National submits that the policy which is to be formulated in respect of the coasting trade should, in the national interest, be formed with a broad view to establishing a rational framework within which competition between the railways and the water carriers can be carried on following the realization of the St. Lawrence Deep Waterways project.

More specifically, the Canadian National makes the following recommendations:

1. That Part XIII of the Canada Shipping Act be amended as follows:

1) Section 669 to be repealed and the following substituted therefor:

"669. No British ship, whether registered in Canada or elsewhere, other than a ship built in Canada, is, after the day of 195, entitled to engage or take part in the coasting trade of Canada unless she has first obtained a license for that purpose, which may be granted by the Minister of National Revenue, and if any such ship so engages or takes part without first obtaining such licence, she is liable to a fine not exceeding five hundred dollars for each voyage made by her in contravention of this section and she may be detained by the collector of Customs at any port or place in Canada where she may be found until such fine is paid; the making of a single voyage in the coasting trade of Canada shall be deemed to be within the meaning of this Part the engaging or taking part in that trade."

2) Section 670 to be repealed and the following substituted therefor:

"670. (1) The Minister of National Revenue shall issue a licence to any such British ship, other than a ship built in Canada, upon application therefor and upon payment of a duty ad valorem on the fair market value of her hull, machinery, furniture and appurtenances

(a) of_____ per cent in the case of a British-built ship.

(NOTE: The rate of duty to be sufficient to cover the differential in shipbuilding cost between Canada and Great Britain).

(b) of _____ per cent in the case of a foreign-built British ship.

(NOTE: The rate of duty to be 25% higher than in (a)).

(2) Any foreign-built vessel captured or seized during World War I by British forces or nationals or during World War II by British Commonwealth forces or nationals and condemned as prize of war or ceded by enemy states to any part of the British Commonwealth or its nationals as reparations, and registered as a British ship, shall for the purpose of this Part and of the Customs Tariff be regarded as a foreign-built British ship."

3) Section 673 to be repealed and the following substituted therefor:

"673. The Governor in Council may, from time to time, by order in council declare that the foregoing provisions of this Part shall not, for the transport of goods in bulk as defined in the Transport Act and for the period specified in such order in council, apply, either throughout Canada or in any specified waters of Canada, to British-built or foreign-built British ships or the ships of any foreign country or to any specified, ascertained or ascertainable class or number of such ships."

4) A new section to be added to provide that the crew of a British ship duly licenced to engage in the coasting trade of Canada shall, while the ship is so engaged, be paid wages on the scale applicable on a Canadian ship engaged in the same trade.

2. That the Transport Act be amended as follows:

1) Paragraph (d) of subsection (1) of section 2 to be repealed and the following substituted therefor:

"(d) 'goods in bulk' means goods not bundled or enclosed in bags, bales, boxes, cases, casks, crates or any other container, laden or freighted in ships specially designed and built for the transport of a specific commodity in bulk as full ship's cargo."

2) Paragraph (k) of subsection (1) of section 2 to be repealed and the following substituted therefor:

"(k) 'ship' means every description of vessel, including a lighter, barge, scow or other like vessel, however propelled, exceeding ten tons gross tonnage, used in navigation on the Mackenzie River, and exceeding one hundred tons gross tonnage used in navigation on the Mackenzie River, and exceeding one hundred tons gross tonnage used in navigation on other waters in Canada; and when used in Part V, includes any vessel, boat, dredge, floating elevator or any other floating craft, and any raft, crib, dram or bag boom of logs, timber or lumber of any kind, and logs, timber or lumber in boom or being towed;"

3) Subsection (1) of section 12 to be amended to provide that Part I of the Act applies on or in respect of any sea or inland water of Canada.

4) Subsection (4) of section 12 to be repealed and the following substituted therefor:

"(4) The provisions of this Part do not apply to the transport of passengers, nor in the case of ships engaged in the transport of goods between ports or places in Canada and ports or places outside of Canada."

5) Subsections (5), (6) and (7) of section 12 to be repealed.

The whole respectfully submitted.

LIONEL COTE

Counsel for Canadian National Railways.

Montreal, June, 1955.

UNION STEAMSHIPS LIMITED,
FOOT OF CARRALL STREET,
VANCOUVER, B. C.

INTRODUCTION:

Union Steamships Limited was established in 1889 and since that time has been engaged continuously in the transportation of passengers, mail and cargo in Pacific Coast Home Trade waters. At the present time our fleet consists of the following vessels which are all owned by the company except where otherwise noted:-

S.S. "CAMOSUN"
S.S. "COQUITLAM"
S.S. "CATALA"
S.S. "CARDENA"
— Passenger-cargo ships operating on regular scheduled routes between Vancouver, B.C., and points along the British Columbia Coast.

S.S. "CHILCOTIN" — Passenger-cargo ship operated as a summer cruise ship between Vancouver, B.C., and Skagway, Alaska from approximately June 1st. to September 15th each year. Used as relief ship during the balance of the year.

S.S. "LADY CYNTHIA" — Passenger-cargo ship operated between Vancouver, B.C., and Squamish, B.C., including way ports located on Howe Sound as a daily scheduled service. Performs all year-round connections (minimum tri-weekly) with the Pacific Great Eastern Railway Company.

S.S. "CHILKOOT"
M.S. "CHILLIWACK"
M.S. "CHENEGA"
M.S. "CASSIAR"
M.S. "CAPILANO"
— Cargo ships operated to all points on the B.C. Coast, South-Eastern Alaska and Puget Sound.

Note: Four scheduled routes are serviced, the balance of the operations being on a tramping basis.

M.S. "FORT ROSS" — Chartered cargo vessel operated on a tramping basis to points on the B.C. Coast and South-Eastern Alaska.

S.S. "EASTHOLM" — This vessel is presently laid up because of obsolescence.

BARGES -

"UNION NO. 1"
"UNION NO. 2"
— Principally operated as bulk ore carriers between South-Eastern Alaska and Vancouver, Britannia Beach, B.C. and Watson Island, B.C., Britannia Beach, B.C. and Tacoma, Washington, and between other ports, but engaged in other operations as required.

"TAKU" — 50% owned by this Company and operated as a bulk ore carrier as in the case of the two barges above-named.

Our present service is very extensive and covers over 100 ports of call along the Pacific Coast. Attached to this brief is a copy of our current sailing guide which gives more detailed information in connection with our various routes and services.

REQUIREMENTS RE OUR SERVICE AND RELEVANT OPERATING PROBLEMS

The area which we serve is very extensive reaching as far North as Skagway, Alaska, and South as far as Tacoma, Washington. The coastline within these two limits is vast and is dotted with many small ports scattered throughout its entire extent. The numerous ports involved, the vastness of the coastline, including as it does the entire mainland between Skagway, Alaska, and Tacoma, Washington, as well as the Queen Charlotte Islands, lying some distance off shore, and the West Coast of Vancouver Island, present very serious problems in meeting the requirements of service. Our scheduled Passenger-cargo vessels alone cover close to 250,000 miles annually in performing regular route services.

In this vast area there are many industries to be serviced such as logging camps, pulp mills, salmon canneries, fish reduction plants, a whaling station, mines and small communities and Indian villages. A large proportion of the industrial out-ports are seasonal in their operations. This presents two major difficulties:-

1) A heavy traffic period as to both passengers and cargo, between and including the months of May and September which brings about the situation that to provide an adequate service, it is necessary to operate vessels which cannot be utilized to capacity year-round, as during the balance of the year the volume of traffic is considerably lower than during the busy season already mentioned, and yet continuity of service is still required. In particular, Northbound and Southbound passenger traffic and Southbound cargoes are much lighter during the off-season. During the partial closure period it is not feasible to reduce mileage operated to any appreciable extent, or to find adequate general business to replace industrial revenues. This situation is aggravated by the fact that various industrial peaks coincide with the period of principal tourist travel, tourist revenue is thus sacrificed on many routes in favour of industrial requirements and cannot be recovered during the winter season.

   The peak conditions faced in supplying the various industries require the maintenance of vessels which combine characteristics to meet the special needs of this trade and to serve at the same time the general public passenger and cargo business.

   Such industrial needs include movement North and South of large cannery crews and logging crews at short notice, movement North of rush cargoes to keep plants in operation and movement South of large canned fish and frozen fish shipments on the passenger-cargo vessels, to supplement cargo ship capacities in alleviating cannery warehouse congestion during the peak of the fishing season.

Thus it happens that during the months of June, July and August our passenger-cargo vessels operate at full capacity Northbound. Southbound the passenger capacity is used to approximately full capacity and cargoes are carried to the fullest extent that schedule times will allow. During the other nine months of the year, both passenger and cargo traffic are at partial capacity only. Operating costs require about 75% capacity of both passengers and cargo both Northbound and Southbound year-round. It is not feasible to schedule these sailings with sufficient time to load full cargoes Southbound, as the seasonal requirements are both too short to justify the delay involved and too uncertain to risk the loss of passenger bookings by a slower operating schedule.

While it is therefore essential to protect our route business by meeting these seasonal peaks to the best extent possible, there are as yet on the B.C. Coast no adequate substitutes, apart from constructional flurries, to provide a cushion at other times.

Until such time as the coastal communities develop to a much greater extent, which may well occur in the foreseeable future, we will continue to be faced with this problem.

2) Due to the far flung locations of the various ports to be serviced and the traffic demands, particularly during the busy season, but applicable the year round, more bottoms are required than would be the case if the locations of the outports were closer together. There are, for instance, no road connections in the Northern area beyond Prince Rupert or in the South Queen Charlotte Islands, which are entirely dependent on water transport for supplies. Similarly, many intermediate ports are located at the heads of various coastal inlets, involving lengthy deviations from the main channels thereby not permitting centralization and preventing any major reductions in mileage or service during the off-season period.

FINANCIAL PROBLEMS

1) Due to the requirements of service as outlined in the foregoing section, capital investments necessary to provide the vessels to adequately meet the transportation needs is high in relationship to the passenger traffic and the cargo tonnage available. This applies particularly during the slack months of the year during which time passenger travel and return cargoes are considerably less than during the peak period. (see Recommendations 1 and 2).

2) High construction costs of new vessels. (see Recommendations 1 and 2).

3) High maintenance and overhaul costs.

4) High operating costs:-

a) fuel oil and lubricants.

b) insurance.

Insurance premiums are based on valuations which are predicated on the cost of construction and the cost of repairs. These valuations are now very high due to the excessive shipyard costs.

c) wages.

The level of wages paid to floating personnel has reached an exceedingly high level, and in fact, in many cases the rates are excessive when compared to the levels in various other industries.

d) safety regulations.

Very heavy expenses have been incurred during the past few years implementing regulations which became effective under the International Convention on Safety of Life at Sea 1948. In excess of Two hundred and seventy-five thousand ($275,000.00) dollars of expense has been incurred by this company alone installing sprinkler systems and other preventative measures on passenger ships since 1950. In addition to this, heavy wage expense was involved as a result of being required to maintain continuous fire patrols on the same ships. Although a measure of relief has been afforded us in this connection, the fire patrol is still costing an appreciable sum of money annually. (See Recommendation 3).

e) longshoremen's wages.

The cost of handling cargo at Vancouver and other B.C. Coast ports where organized coastwise longshoremen perform the work is of major concern due to the high wage rate level. This has, to quite an extent, resulted from the high level of wage rates paid to deepsea longshoremen in British Columbia. B.C. cargo handling costs in connection with deepsea ships have been very favourable from a competitive standpoint with other ports in the world due to efficiency. This has resulted in the high rates mentioned. While the deepsea ships involved are not owned or operated by local companies, the coastwise ships on the other hand are locally owned and operated and although there is no comparison between the operations either physically, financially or competitively, it has been impossible to avoid a high wage rate level because of the rates paid to the deepsea longshoremen.

5) Freight rates, which in some instances are inadequate, have remained at levels lower than are appropriate. At one time the operators of the coastwise steamship companies were able to discuss rates, which resulted in a measure of stability within the industry. This is no longer possible due to the provisions of the Combines Investigation Act. (See Recommendation 4).

6) Subsidies paid for maintenance of certain passenger routes are not applied to the losses sustained in the off-season period, but are applied on the basis of balancing estimated losses to be suffered on a year-round operation. Any gains made in the peak industrial-tourist season have thus been devoted for many years, not to providing modern tonnage in the normal development of the coast trade, but to making up losses which appear unavoidable with the present vessels engaged in year-round service. (See Recommendation 5).

COMPETITIVE PROBLEMS:

1) Union Steamships Limited's regular service to over 100 ports of call could normally be expected to reap the full benefit of the establishment and development of new industrial towns such as Kitimat, as well as from improved market conditions which may occur in the fishing, lumbering and mining industries.

On the contrary, such anticipated improvement in general earnings has been greatly affected by opportunist operations set in motion by independent shipowners and barge companies. Without the responsibility of maintaining regular schedules or calling at any of the smaller ports scattered along the B.C. Coast, owners of single vessels or several smaller type units have successively since the end of the last war engaged in service to most of the main ports. To some extent their schedules have been spasmodic and of a "tramp" variety, but it has had the effect of seriously reducing the available traffic without those operators assuming any of the responsibilities of the older companies which have built up the routes over many decades. Similarly, large contractors using barges and towboat services to bring bulk construction material to new enterprises have used surplus barge capacity to transport general merchandise and materials and thus deprive the regular cargo and passenger vessels of their normal freight earnings.

Construction subsidiaries of new companies have also used barges (engaged in taking bulk cargo and surplus materials Southbound) to the detriment of coastal steamship lines by filling the empty barges (being returned Northbound) with general merchandise which would normally move on regular passenger and cargo vessels. The special rates and terms of such deliveries cuts far below the freight tariff of

steamship lines, on whom the same construction companies rely for the scheduled movement of personnel, perishables and shelf goods.

During recent years this competition from opportunistic operations has complicated the problems of the old established companies. The services which have been performed by this competition have been, in most cases, irregular and spasmodic from a continuity standpoint, but the situation continues to arise and affects the volume of traffic that the stable operators receive. The competition arising is difficult to meet as the smaller operator enjoys a lower overhead and lower operating costs.

2) During the last several years a tremendous increase in the volume of cargo moving by tug and barge has taken place. In many cases, cargoes so moving are of the large volume category. This tends to increase the ratio of small packaged shipments handled by the ships, which type of cargoes are much more expensive to handle.

3) Within the last two years, there has been a growing tendency for American tugs and barges to enter B.C. waters, load products of Canadian industrial operations and transport such cargoes to points in Puget Sound. This has come about largely as a result of the severe penalties that British Columbia ships must pay in the way of stevedoring costs re discharging cargoes at Seattle and Tacoma, Washington. American vessels are able to discharge cargo at a fraction of the cost that a Canadian ship is able, due to the fact that any foreign flag vessel is classed by the longshoremen's unions as a deepsea ship, whether or not she is engaged in coastwise operations, and consequently must employ longshoremen in gangs of 11 men, whether or not this number is required in the discharging operation. This penalty results in higher freight rates. (See Recommendation 6).

4) Airlines

A great number of travellers are now patronizing airlines serving certain key points along the B.C. Coast who otherwise would have travelled on coastal passenger-cargo vessels. During the last year or two, the volume of air traffic has increased considerably to the detriment of the passenger-cargo ship operations. There are four key points to which scheduled airlines are now operating which are:- Port Hardy, Sandspit (Queen Charlotte Islands), Prince Rupert and Kitimat. It still is the lot of the passenger-cargo ship to serve the multitude of far flung outports which are not closely located to the points served by air. The result is that volume is down, but the number of ports to be served remains the same. Airlines have the facility of providing a shuttle service to meet peak

conditions between Vancouver and key areas and supplement their schedules in a manner that is not feasible for the regular steamship line. In addition to this, most air passenger rates are either equal to or lower than the comparable steamship fares, which include meals and berths.

Furthermore, charter flights are readily available to the larger companies concerned on terms which are only slightly in excess of tariff rates, thus providing a facility which cannot be provided by the steamship operator. In addition to this some industrial concerns operate aircraft of their own.

Airline operations, due to the geography and topography of the B.C. Coast and to the nature and size of the majority of the coastal communities, are only practicable in connection with certain key points. Weather conditions during the winter months appreciably affect the operations of the airlines concerned.

These factors indicate the continued essentiality of passenger ships far into the future.

5) Railroads

During the last decade there has been an increase in the quantity of goods shipped direct by rail to Prince Rupert from Eastern points. Similarly, there has been an increase in the quantity of canned salmon (processed at Prince Rupert and Skeena River canneries) shipped direct to Eastern markets. This has particularly reduced the volume of Southbound cargo.

The completion of the rail link from Terrace to Kitimat about six months ago has resulted in considerable traffic from Eastern manufacturing areas moving direct to Kitimat by rail instead of moving via Vancouver then North by water.

The connection with Prince Rupert by rail through Terrace has drastically reduced passenger traffic between Prince Rupert and Kitimat by ship.

The extension of the Pacific Great Eastern Railway from Squamish to North Vancouver which is presently underway, together with the construction of a highway between these two points will in the next one to two years eliminate all water movement of passengers and cargo.

ORE TRAFFIC

Between May and September each year we transport large quantities of bulk concentrate from Taku Inlet, Alaska to Tacoma, Washington. This concentrate is produced at Tulsequah, B.C., and through necessity is transported by river barge down the Taku River to Taku Inlet, Alaska, where it is loaded on board our barges. Because of the provisions of the Jones Act which do not permit a foreign flag vessel to transport cargo

between two American ports, it is necessary to transfer the concentrate so carried from the originating barge to a different Canadian barge at Vancouver, B.C., for furtherance to Tacoma, Washington. This represents a useless waste of money and unnecessary lost time and is particularly aggravating when it is considered that the only way the concentrate can be transported out of Tulsequah, B.C., is through the S.E. Alaska territory named. (See Recommendation 7).

RECOMMENDATIONS:

1) That consideration be given to further assistance in connection with construction of new vessels, and in connection with conversion or dieselization of existing vessels.

2) That construction of new vessels be permitted wherever same can be accomplished most economically.

3) That consideration be given to relaxing safety regulations to eliminate excessive costs in connection therewith and still provide adequate safety measures.

4) That consideration be given to exempting coastwise steamship companies from the relevant provisions of the Combines Investigation Act to permit them to form rate conferences or committees in order to stabilize and regulate freight rates as was done by the direction of the Government during the war. Such an exemption would not have the effect of eliminating competition or restraining trade as there are many barge services in operation on the B.C. Coast which are providing much direct competition.

   It would, however, permit closer co-operation and tend to stabilize the industry. For these reasons, such an exemption has been in effect in the U.S.A. for many years.

5) That consideration be given to the method of payment of subsidies, with the view that when a subsidy is paid for service on any given route, such subsidy should be based on and should apply to off-season traffic only, such as between and including the months of October and April.

6) That consideration be given to the question of the products of B.C. industries at water-locked B.C. ports moving to ports on Puget Sound, U.S.A. with the view of providing for the movement of such products by Canadian vessels.

7) That consideration be given to a direct approach by the Government of Canada to the Government of the U.S.A. to permit the transport of Canadian produced concentrate or other goods which must be moved to tidewater through S.E. Alaska territory from there to Puget Sound ports without the goods having to be trans-shipped at an intermediate Canadian port.



8) That consideration be given to applying the same regulations to U.S. citizens and companies engaged in coastwise shipping in Canada as apply to Canadian citizens and companies in respect to shipping operations in the United States of America. Under the present regulations of the U.S.A. and with the lack of similar regulations in Canada, it is of great advantage to a Canadian citizen to become an American citizen and thus do business in both countries without any restriction or difficulty.

Respectfully submitted,

UNION STEAMSHIPS LIMITED,

J.F. Ellis,
General Manager.

June 29, 1955

B. 94

BRIEF OF THE GYPSUM LIME AND ALABASTINE, CANADA,
to the ROYAL COMMISSION ON COASTING TRADE

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1. Gypsum, Lime and Alabastine, Canada, Limited appreciates this opportunity to express its views on Canada's coasting trade. As a vital, basic industry whose raw materials and finished products have a very low value in relation to weight, we are keenly interested in the provision and maintenance of efficient, low-cost transportation services. Any changes in Canada's coasting laws that would tend to restrict competition and to increase transportation costs would cast a heavy burden upon industries such as our own which supply essential commodities to the country.

2. We have a huge investment in our gypsum plant at Montreal East, Quebec, which is dependent upon the economical transportation by water of the raw material, gypsum rock, from quarries in Nova Scotia. During each season of navigation, we transport to this plant some 90,000 tons of gypsum rock in both British and Canadian vessels. If the transportation cost of our raw material were increased, it would undermine our competitive position in our own market. Our lime plant at Blubber Bay, B.C. is entirely dependent on water transportation. Finished products are shipped by water from our Montreal East plant and from our plant at New Westminster, B.C.

3. If, after considering all the evidence which will be laid before you, your Commission should decide to recommend that restrictions in Canada's coasting laws are necessary in the National Interest, we would humbly submit our view that any increased transportation costs should be borne by the Nation and not by any particular section. By this statement, however, we do not intend to imply that this Company advocates any changes whatsoever in the present coasting laws.

The foregoing is respectfully submitted for your consideration.

Yours very truly,

GYPSUM, LIME and ALABASTINE,
Canada, Limited

J. Hanley,
Traffic Manager

JH/lag

ONTARIO SHIPPING INTELLIGENCE PUBLISHING CO.
C.L.C. Allinson B.C.L. Owner

SCOPE OF SUBMISSION

Order-in-Council P.C. 1955 - 308 of 1st March, 1955 having prescribed the following Terms of Reference,...

> "To inquire into and report upon all questions within the jurisdiction of Parliament, including questions with respect to Part XIII of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes and upon relevant matters which may in the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report and, without restricting the generality of the foregoing, the Commissioners shall inquire into and report upon the following matters:
>
> (a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
>
> (b) the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;
>
> (c) the relationship of the coasting trade of Canada including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations, and [illegible] of the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic or international trade of Canada, and Canada's external relations, and
>
> (d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada;

this submission covers, to a limited extent, all four of the specific subjects, and some of the generalia (other than Part XIII of the Canada Shipping Act - R.S.C. 1952, c. 29, secs. 669-673) most particularly with respect to THE PORT AND HARBOUR OF TORONTO.

We regret that, in so doing, we have not been able to follow the sequence of the Terms of Reference: this submission, will, as far as practicable, be arranged as follows:-

I - The possible effects of the development of the St. Lawrence Seaway, (T.R. item b);

II - The relationship to Canadian shipping and ship-building, (T.R. item a);

III - The relationship to the domestic and international trade of Canada and to Canada's external relations, (T.R. item c);

IV - The necessity of establishing different policies; (T.R. item d);

V - Relevant matters (T.R. generalia) - the effect that future development of Toronto Harbour already has, and in the near future will have, upon the thousands of residents of Toronto Islands, and upon the hundreds of thousands of low-income residents of Metropolitan Toronto.

I - THE PROBABLE EFFECTS OF THE DEVELOPMENT OF THE ST. LAWRENCE SEAWAY

Ontario Shipping Intelligence has always been an advocate of the deepsea waterway: in our issues of 1946-7, we urged the Canadian Government to "go it alone", as illustrated by the following extract from our issue of January 1947:-

> "In Canada, having discovered during the war-years what the Canadian people can do in the line of raising money for essential major purposes, some people are leaning strongly to the view that we in Canada should seriously consider making the whole project - seaway and power - a wholly Canadian matter, leaving the American Federal and States Governments out of the partnership. The advocates of this mode of handling the situation point out that the American Great Lakes Ports and her Mid-West vast industries and Western farmers would all benefit along with their counterparts in Canada, and the eastern part of Ontario and the western part of Quebec would have first claims on the tremendous horsepower developed but that, if necessary for international harmony, certain rights might be granted to the State of New York to purchase part of the power at cost plus"".

In the issue of August 1954, in an article "Deep-Sea Waterway at Last" we made the following comments:

> "This waterway is going to have tremendous benefits for the entire Canadian Great Lakes Marine Industry (and corresponding benefits for much, if not all, of the American counterpart), just how great are going to be those

benefits is really beyond comprehension, but in order to gain the advantage of those benefits, the Industry must be in a position to "do its part".

In a nut-shell, Canadian Great-Lakes ports are going to be deep-sea ports, even 3000 miles from salt water, Canadian Great-Lakes ships, and the men who sail them, are going to be deep-sea sailors, most of them with year-round employment, in place of the present 8 months afloat, 4 months ashore (Mostly hunting for work in the dead winter season).

This tremendous opportunity brings with it certain responsibilities, mostly to Bridge Officers and Deck Crew, but to some extent also to Engineers and Engine-room Crew. All ratings, above and below decks, must be so well trained as to be able to compete with the best European mariners; the same waterway that lets us out to the salt-water in big ships also opens our inland ports to our "competitors" - and competition is the motive-force behind progress.

Whilst there is a limited amount of opportunity for junior Bridge Officers to "go to school" during the winter months, there is nothing at all in Canada for ratings serving above or below deck; whilst nearly all other maritime countries have training schools and training ships (operated or supervised by State authority), Canadian sailors have to "pick it up" as they go along; and Canadian ships have to "put to sea" with crews containing a fairly high proportion of "greenhorns", especially at the start of each navigation season.

Ontario Shipping Intelligence plans to play its part, as far as possible, by publishing a series of articles containing information (of a nature that can be imparted in print) essential to the Canadian Great-Lakes Marine (ashore as well as afloat), from the lowest to highest ratings: each article will be in the simplest language possible, and throughout most, if not all, of the material henceforth published in this periodical, "the language of the sea" will be spoke, even to the extent that, to some readers, may seem to be overdoing it; but that is the quickest way to get our Great-Lakes mariners onto a footing of equality with their salt-water brethren (Canadian or non-Canadian)".

Many astonishing facts about the Great-Lakes waterways are fairly well know, such as that, in the 8 month navigation season, (a) the Soo locks clear more tonnage, and more dollar value, than Panama Canal, Suez Canal, and Kiel Canal, combined do in a full year,

(b) the busiest waterway in the world is the St. Clair River, with an average of one transit every 15-20 minutes during the navigation season, (c) that the total foreign-trade (tons loaded or unloaded) at Toronto is approximately the same as at Halifax, at Hamilton is twice as much, and at Montreal is over 3 times as much as Halifax, (d) that an overwhelming proportion of the cargoes in Great Lakes ships are composed of grain, ore, coal, oil, and forest products, all of which are carried in bulk-carriers, (e) that package-freighting on the Great-Lakes is mostly left to salt-water ships, a large proportion of which are (at present) of foreign registry (Dutch, Norwegian, Swedish, French, and German with a few Americans) and a rather small proportion of ships registered in the British Isles.

An astounding fact that is not generally known (outside the Canadian Marine Industry) is that about 75% of Canadian mercantile ships are in the Great-Lakes Trade, with only 16% in Atlantic Salt-water trade, 5% on the Pacific Coast, and 3% elsewhere in Canada.

Nor is it generally known (a) that the Great-Lakes ships, (as at present constructed) are not suitable for Atlantic crossings (especially in winter), or (b) that very few of the officers and crews could take their ship across the Atlantic.

Those last-mentioned facts bring up two problems: (1) modification of construction of Great-Lakes ships; (2) facilities for training Great-Lakes officers and crews.

II. THE RELATIONSHIP TO CANADIAN SHIPPING AND SHIP-BUILDING

The problem of modifications of design to adapt Great-Lakes ships to service in the trans-Atlantic trade, with the technical details of freeboard and stability, are outside the scope of this submission: and it is recognized that the larger bulk-carriers are not so adaptable, but that those floating grenaries can be used, in wintertime, only for storage alongside elevators, or (when the St. Lawrence Seaway will let them through) at ice-free salt-water ports.

However, the smaller bulk-carriers may well be adaptable: in times past some of them have gone into salt-water service in wintertime without any structural changes.

The second problem, i.e. training of Great-Lakes officers and crews for salt-water service, is a matter of policy of the Canadian Government in co-operation with the ship-owners: this submission merely brings it to the attention of the Commission; further information, if desired, could be obtained from the ship-owners and their Association.

III. THE RELATIONSHIP TO THE DOMESTIC AND INTERNATIONAL TRADE OF CANADA AND TO CANADA'S EXTERNAL RELATIONS

Statistics

The population of Toronto and other ports on the Great-Lakes and elsewhere in Canada, and some other ports in other parts of the world, are shown graphically in Chart 1 attached hereto. That chart shows graphically also, for the principal ports in Canada the average of loadings and unloadings for the years 1953-and-1954, in two kinds "Coastal" and "foreign" trade; these statistics are based upon information from the Dominion Bureau of Statistics for those two years: the actual figures are given in Table 1 in which population is given to the nearest thousand but the loadings and unloadings in coastal and foreign trade are given in millions of short tons (2000 lbs. each) and for convenience sake are expressed by 1 million being 1.00.

The Great-Lakes ports considered (Toronto, Hamilton, Fort William and Port Arthur) show loadings and unloadings both in coastal trade and foreign trade that require some explanations, which are given in notes (A), (B), (C), (D), and (E) of Table 1.

In Chart 1 the populations of the various cities considered are shown as columns (P): comparison with European and American ports and the Port of Vancouver, (as to population only) is shown in Table 1, but no attempt is made to show the volume of trade at those particular ports: it is remarkable that only Montreal and Toronto are bigger than any of the European and American ports whose populations are compared.

For the 9 Canadian ports compared, the volume of trade is shown by columns as follows:

C 1 for coastal-trade loadings
C 2 for coastal-trade unloadings
F 1 for foreign-trade loadings
F 2 for foreign-trade unloadings

COMPARISONS

It will be noticed that the two year-round, ice-free, salt-water, ports of Halifax and Saint John have a total "over-the-rail", both coastal and foreign trade, of 6.25 million short tons which is only two-thirds of the corresponding total for Port Arthur (9.68) and is only slightly greater than the total for Hamilton (5.90), although it is 40% greater than the total for Toronto (4.45): the total coastal trade of those two salt-water ports, amounting to 1.70 million tons, is slightly less than Toronto (1.9): is about the same as Three Rivers (1.52): is about half of Fort William (3.55), and approximately a quarter of Port Arthur (6.28). In foreign trade those two Atlantic ports have a total of 4.55 million tons which is less than Hamilton (5.02); is not quite double Toronto (2.55), and is approximately 4/5ths of Fort William and Port Arthur foreign trade combined (5.55).

These two Lakehead ports (Fort William and Port Arthur) have tremendous volume, both local and foreign, but it is made up of specialized cargoes, being principally wheat and other grains in the coastal trade loadings, very largely grain in the foreign trade loadings and also a substantial amount of ore and of forest products; consequently those two Lakehead ports cannot be conveniently compared with Quebec, Montreal, Toronto and Hamilton: for Three Rivers the coastal loadings and unloadings, totalling 1.52 million tons, and the total foreign trade loadings and unloadings totalling 1.00 million tons, make a grand total of 2.52 million tons which is a very remarkable figure for a port down-river that is ice-bound in winter time and has a population of only 46 thousand souls.

Quebec is next with 1.56 million tons coastal, 1.42 million tons foreign, and a grand total of nearly 3 million tons, but the population is 275 thousand souls; Hamilton with a population only slightly smaller than Quebec (260 thousand) has much smaller coastal trade (.90 million tons) but its foreign trade (total - 5.02 million tons) is much greater than that of Quebec, that excess, however, being made up mostly by importations of ore and coal for the steel industries at Hamilton.

TORONTO, the second largest city in Canada and the center of the most important industrial activities, has a total trade (4.45 million tons) which is more than Quebec (2.98) but less than Hamilton (5.90); Toronto's coastal trade (1.90 million tons) is larger than that of Three Rivers (1.56) or that of Quebec (1.52); and Toronto's foreign trade (2.55 million tons) is more than Three Rivers (1.00) and Quebec (1.42) combined; however, it must be noted that the great bulk of foreign unloadings at Toronto is coal and oil.

Montreal (with a population of 1,395,000) is approximately the same size as Toronto (1,117) and Hamilton (.260) added together, but the overall traffic at Montreal is 16.80 million tons, made up of 7.70 million coastal and 9.10 foreign. However, Montreal has a very balanced economy with respect to waterborne transportation and whilst the coastal unloadings (4.30 million tons) is roughly 1.00 million more than the coastal loadings (3.40 million tons) the converse applies in the foreign trade where loadings (5.50 million tons) are approximately 1.00 million tons greater than the unloadings (4.10 million tons); this, of course, is quite understandable because Montreal's excess coastal unloadings (largely wheat) go to make up the excess foreign loadings.

But why should there be such tremendous difference between Toronto and Montreal which have nearly the same population and are equally ice-bound in winter time? When we deduct from Toronto's coastal unloadings the vast amount of wheat and other grains, and from its foreign unloadings the vast amount of imported coal and oil, the discrepancy between Toronto and Montreal is even more glaring.

What is the reason?

Or, comparing Toronto with Hamilton we find that HAMILTON, with a population $\frac{1}{4}$ that of Toronto, has

a grand total of volume, coastal and foreign, that is 1 & 1/3 times that of Toronto: in the coastal trade, the loadings are 2/5ths and unloadings are ½, with a net coastal trade approximately ½ that of Toronto: in the foreign trade the loadings are 2/5ths, the unloadings are twice as much as Toronto's, with a net result of foreign-trade loadings and unloadings approximately double Toronto's. If we take out from the Hamilton figures, the coal and ore cargoes, and if we take away from the Toronto figures, the coal, oil and grain cargoes, we find that Hamilton, with ¼ of the population of Toronto, has about ½ of the volume of waterborne package-freight.

What is the reason?

The external relations of Canada are, inevitably, influenced by the prestige in the eyes of foreign ships and shippers will be enhanced or impaired by the facilities at, and administration of, Canadian ports: this is most cogent with respect to the Port and Harbour of TORONTO and is a matter of concern not merely to the City of Toronto, or to the Province of Ontario, but to ALL CANADA.

About a century ago, when Toronto had just attained the status of "city" and was utterly unknown as a port for world-wide shipping, a Board of Commissioners was established by Statute, to administer the harbour (and adjacent lands), for the benefit of the City of Toronto: that same basic principle has been continued by subsequent legislation; we submit that the situation is so changed now (1955) that the policy of the Government of Canada should be changed to conform to the actualities of the 20th and succeeding centuries; the Port and Harbour of Toronto should be now and henceforward, administered for the benefit of ALL CANADA

IV. THE NECESSITY OF ESTABLISHING DIFFERENT POLICIES

BULK-CARRIERS

Whilst both Canada and U.S.A. have parallel policies with respect to Coastal Trade (i.e. that ships of "foreign" registry cannot engage in the Coastal Trade) the rule was relaxed in wartime and the U.S.A. was most glad to have Canadian Great-Lakes ships carry cargoes (principally ore and other "munitions") from one American port to another: that policy was continued after the war.

Even without such American Coastal Trade, it is felt that our Canadian bulk-carriers will be fully employed, especially in the grain lines and as the Labrador ore deposite come into production.

The major problem of "foreign competition" arises in relation to package-freighting.

PACKAGE-FREIGHTERS

The glaring discrepancies between Toronto-Montreal and Toronto-Hamilton have already raised this problem.

All foreign trade in and out of Montreal is, of course, carried in the general-cargo ship of the package-freighter type. Similarly, apart from the coal and oil unloaded in the foreign trade at Toronto and the grain unloaded at Toronto in the coastal trade, the remainder is carried to or from Toronto in the same type of vessel, namely, the package-freighter. In the coastal trade the package-freighters that call at Montreal are the same vessels that call at Toronto: the package-freighters of Canadian registry are, for the most part, the 17 Canada Steamship Line package-freighters operating out of Toronto. In the foreign trade the same salt-water cargo-ships from European Ports that call at Toronto also call at Montreal, but of course, until the deep-sea waterway is completed there aremany general-cargo ships calling at Montreal that cannot yet get up to Toronto but will be getting up to Toronto as soon as that waterway is complete in a very few years time.

Within the next few years Toronto will be faced with the problem of either expanding greatly to take care of increased package-freight cargoes or else being by-passed by those ships.

THE PORT AND HARBOUR OF TORONTO

Natural features

Chart 2065 issued by the Canadian Hydrographic Services (being "Toronto Harbour and Approaches", on the scale of 1000 feet to the inch, soundings shown in feet) adequately disclosed the natural features and the natural topography.

It will be observed that, on the north and the east, Toronto Bay is bounded by the mainland; and, on the west and the south, by Toronto Islands. A few months ago a British naval officer who had had great experience with "Operation Mullberry" and the famous landing on the beaches of Normandy on "D" day, was shown Toronto Harbour from one of the taller buildings in the City and as soon as he looked at it he exclaimed, "A perfect Mullberry". Other people have very correctly said; "God gave to Toronto the finest harbour on the Great Lakes but man has failed to develop its tremendous potentialities".

Two entrances, the Western Gap which runs approximately north-east to south-west, and the Eastern Gap which runs approximately from north-west to south-east, can make marvellous provision for every kind of wind and weather: unfortunately, the Eastern Gap has been allowed to become so silted that at the present moment it cannot be used by commercial ships of any size and the only use for it this summer appears to be to accommodate the yachts from the three yacht clubs whose moorings are on Toronto Bay.

Any vessel coming from the south or the east, or going to the east or the south, loses most valuable time when it is compelled to use the Western Gap instead of the Eastern Gap. Observing that the coal docks and oil docks are all along the eastern end of the bay and along Keating channel and the Ship Channel, (both of which extend eastward from the east end of the Bay) one can see that closing off the Eastern Gap adds at

least an hour for each trip of each bulk-carrier in or out of the Port of Toronto, and for the package-freighters who load or unload along the northern shore of the Bay being unable to use the Eastern Gap adds at least half-an-hour to each trip (and very frequently much more) because of the wide sweep that has to be taken around Gibraltar Point.

Most important is the fact that if the Western Gap became blocked (e.g. by a collision or sinking) the Port of Toronto is completely sealed-up.

Growth of Trade

The Toronto Harbour Commissioners annually publish a "Condition Plan" showing which of the lands under their control have been sold, which are at present under lease or otherwise occupied, which are as yet undeveloped and, with respect to the Toronto Islands they show which parts are park lands and which parts are residential. Those Condition Plans also show graphically, "over-the-rail" trade since the Commission was constituted in 1911. The latest such Condition Plan shows that in the first year after T.H.C. was incorporated, (i.e. in the year 1912) 343,000 tons were put "over-the-rail": twenty years later the new Welland ship canal was in operation and in 1931 the volume of traffic "over-the-rail"at Toronto had risen to 2,122,000 tons: twenty-two years later, i.e. in 1953, the "over-the-rail" traffic had more than doubled and was then 4,407,000 tons; and, as is reveald by Table 1, there had been a further increase in 1954.

In addition to the Canadian package-freighters mentioned above, there are approximately 60 European ships (British, French, Norwegian, Dutch, Swedish and german) which call on regular schedule at the Port of Toronto; and, as has been said above, this is going to increase in the next few years: consequently the "Over-the-rail" traffic, which has grown in the last forty years from 343,000 tons to nearly five million tons, should increase greatly; but that increase will depend entirely on the development of the facilities at the Port which are now being taxed to their limit.

Port Facilities

For the handling of package-freight, three items are essential (1) adequate dockage;
(2) dockside rail sidings;
(3) adequate lifting apparatus:

all three of those items are sadly lacking at the Port of Toronto.

(1) & (2) There are very few dockside railway-spurs and those few that do exist are on private property; there are no such dockside rail-facilities that are open to general shipping interests; even with the increased public dockage-facilities that are being provided between Yonge Street and Parliament Street there does not appear to be any provision for dockside railway-facilities.

Such spur-lines as do exist, and any that might be added, all come off a single track that runs along the city street known as "Queens Quay".

(3) Package freight must still be put "over-the-rail" at Toronto by ship's tackle or by light caterpillar cranes owned by the stevedoring companies. There is no facility for handling any weight over five tons. There are no cranes of any type such as are found at all modern ports, either of the fixed or of the travelling type, nor of the gantry type. It would be impossible to load or unload even a small locomotive at the Port of Toronto or even very much lighter packages of machinery: that, of course, is a most serious matter in an industrial center such as Toronto.

Administration

Forty-four years ago, when the "new" Toronto Harbour Commission was constituted, Toronto was a small lake-port: the Parliament of Canada at that time recognized that the Board of Trade and the City Council would be the two bodies most concerned with adequate and efficient administration of the Harbour; consequently Parliament made provision for those two bodies, in effect, to appoint the Commissioners.

In the intervening forty-four years the Welland Ship Canal has been brought into operation and the volume of traffic on the Great Lakes has increased tremendously, and the dimensions of the ships have also increased (many modern Great-Lakes ships having dimensions three times the dimensions in 1911) and the "over-the rail" trade in the Port of Toronto has increased 25 times what it was in 1911 and will probably double itself in the next 15 years, provided the port is properly administered.

Table 1 and Chart 1 indicate which of the ports being compared with the Port of Toronto are national habours: it is submitted that the administration of national harbours accounts in large measure for the remarkable volume of traffic in those ports which are much smaller than Toronto but which are national harbours.

The present system of administration by local politicians is no longer adequate: without reflecting on the individuals concerned (past or present), it stands to reason that the administration of a port of the magnitude and potentialities of the Port of Toronto requires experts under the direct supervision of the Government of Canada.

The future development of Toronto Harbour raises two problems: one (and the easiest to solve) is composed of the technical details; the other (and by far the harder problem) is composed of the psychological (and political) aspects.

The first problem (technical details) is outlined in Appendix "A": the psychological and political aspects are borne in mind and, we submit, can be readily overcome (1) by showing the necessity for development in this manner and the benefits that will flow from it to

the citizens of Toronto, to the general public of Ontario, and to all people in Canada; (2) by definitely establishing a progress-plan that will least disturb presently "vested interests" (the residents and yacht-clubs) which will be adversly affected by the successive stages of that development; and (3) by ensuring that those "vested interests" are adequately compensated for such disturbance (the compensation being largely by re-location, with pecuniary compensation to cover costs of re-location or where re-location is not feasible).

So long as the "Islanders" know definitely when they must move, and that they are not going to lose money as a result of being dispossessed, they (or at least the sane and reasonable majority of them) will not oppose the inevitable pro bono publico.

V. FUTURE EXPANSION OF TORONTO HARBOUR

As soon as the present additions of dockage between Yonge Street and Parliament Street are completed there will be no furtherland available for docks on the mainland either on the north or east side of Toronto Bay: future development must obviously be on the west and south side of the Bay, i.e.on Toronto Islands, (or so much as faces on the Bay) with the necessary road and rail facilities close to the docks and warehouses.

This idea of developing Toronto Islands (which Torontonians at present regard as being dedicated to parklands) is not regarded favourably either by the residents of the Islands or by many of the civic bodies concerned, such as the Corporation of the City of Toronto and the newly created super-municipality of Metropolitan Toronto.

Looking into the future, as close as 5 and not more than 25 years from now, it is inevitable that the parts of the Toronto Islands which face on the Bay will have to be taken over for the development of Toronto Harbour. The problem arises to lay the plans definitely and make slow progress towards accomplishing those plans so as to create the minimum of antagonism from, and hardship for, those who now reside upon, or otherwise use, the Toronto Islands. There are 4000 year-round residents who live on the Islands in winter time: in summertime the vacationing and summering residents increase the number to 15,000; and on a hot Saturday, Sunday, or holiday, even nowadays as many as 35,000 day-trippers will cross from the mainland to the Islands; in times past there have been as many as 100,000.

Because Metro Toronto is going to take over the Islands as park-lands without any compensation to the City, the City naturally is not going to spend very much City money in keeping up the Islands; consequently much delapidation is already occurring, both on the Bay side and also on the Lake side. Conversely, because Metro Toronto already realizes that, sooner or later, their park-lands on the Islands may be taken over for development of the Harbour, that municipal body naturally does not feel justified in spending any great sums of money on the Island park-lands: this all works very great hardship on the residents and also, to a lesser extent, upon those on the mainland who would like to

cross to the Islands to take advantage of the beaches and the park-lands. This could be greatly alleviated by an over-all plan being established immediately so that everyone would know the stages in which those portions of the Islands necessary for the Harbour will be taken over, period by period. Further details of the suggested plan are given in Appendix "A" to this submission.

All of which is respectfully submitted by

ONTARIO SHIPPING INTELLIGENCE

Publishing Company

TABLE 1

"OVER-THE-RAIL"
(1953-1954 Averages) Loadings and Unloadings
1.00 equals one million short tons

PORT ("N.H." means National Harbour) Population	GRAND TOTAL "OVER-THE-RAIL"	Distribution					
		Coastal Trade			Foreign Trade		
		Loadings	Unldgs	Total	Loadings	Unldgs	Total
Salt-water ice-free							
86,000 Halifax (N.H.)	3.90	1.00	.30	1.30	.70	1.90	2.60
51,000 Saint John (N.H.)	2.35	.10	.30	.40	1.40	.55	1.95
St.Lawrence-Lake Ontario							
275,000 Quebec (N.H.)	2.98	.06	1.50	1.56	1.00	.42	1.42
46,000 Three Rivers (N.H.)	2.52	.02	1.50	1.52	.70	.30	1.00
1,395,000 Montreal (N.H.)(A)	16.80	3.40	4.30	7.70	5.50	4.10	9.10
1,117,000 TORONTO (B)	4.45	.50	1.40 (C)	1.90	.05	2.50 (D)	2.55
260,000 Hamilton	5.92	.20	.70	.90	.02	5.00 (E)	5.02
Head-of-Lakes							
35,000 Fort William	5.85	3.30 (C)	.25	3.55	1.00 (F)	1.30	2.30
31,000 Port Arthur	9.68	6.00 (C)	.28	6.28	3.20 (G)	.20	3.40

Comparative populations of other ports (between ½ and 1½ million)

851,000 Amsterdam
798,000 Antwerp

790,000 Liverpool
692,000 Rotterdam
987,000 Stockholm

- -

801,000 Boston
580,000 Buffalo
915,000 Clevaland

- -

531,000 Vancouver (N.H.)

NOTES

(A) & (B) - Package-freighting is considered in comment.

(c) Mostly wheat and other grains
(D) Mostly coal and oil

(E) Mostly ore and coal
(F) Mostly grain
(G) 1/3 ore, 1/5 grain, 1/6 forest products

T A B L E 2

APPROXIMATE RATIOS TO TORONTO (as unity)

Population	PORT (N.H. means Hantional Harbour)	GRAND TOTAL "OVER-THE-RAIL"	Coastal Trade Loadings	Coastal Trade Unldgs	Coastal Trade Total	Foreign Trade Loadings	Foreign Trade Unldgs	Foreign Trade Total
1/12	Halifax (N.H.)	9/10	2	1/5	2/3	14	1/4	1
1/20	Saint John (N.H.)	1/2	1/5	1/5	1/5	28	1/5	1/4
1/4	Quebec (N.H.)	2/3	1/8	1	4/5	20	1/6	3/5
1/25	Three Rivers (N.H.)	3/5	1/25	1	4/5	14	1/8	2/5
1 1/4	Montreal(N.H.)	3 1/4	6 1/4	3	4	110	1&2/3	3 1/4
- - - - - - --								
1	TORONTO	1	1	1	1	1	1	1
1/4	Hamilton	1&1/3	2/5	1/2	1/2	2/5	2	2
1/30	Fort William	1&1/3	6 1/2	1/5	1&4/5	20	1/4	9/10
1/30	Port Arthur	2&1/6	12	1/5	3 1/4	64	1/12	1&1/3

i,e. the fractions or integers show the proportion that item bears to the corresponding item at TORONTO (1)

For quantities (in millions of short tons) and notes thereon

SEE TABLE I

APPENDIX "A"

FUTURE DEVELOPMENT OF TORONTO HARBOUR

ALONG THE NORTHERLY PARTS OF TORONTO ISLANDS

To provide dockage-space along the bay side of the islands that form the southerly weather-break of Toronto Harbour will require

(a) dredging out the shallow waters;
(b) building up the land;
(c) rail and road access;
(d) bridging the Eastern Gap and other channels over which the railway and roadway must pass.

To secure the minimum of opposition from the "vested interests" which must be disturbed, and to provide suitable places for re-location (and also "ventilation" for the waters of the bay and remaining lagoons) some of the lagoons will have to be dredged to standard depths suitable for pleasure-craft (but the excavated gumbo, sand, etc., will be needed to build up the land alongside the excavating). The technical details of dredging-and-filling present no problem: the material dredged out will be dumped within a few hundred feet (at most) as build-up for the land.

Premising that (as seems inevitable) the Island Airport will remain (and, sooner or later, be extended), then no feasible, practical, plan can be evolved for access via Hanlan's Point: furthermore, the circumstances now unalterably established (the existing development of the land east of the bay) make it inevitable that access shall be via Wards Island; it necessarily follows that the development will proceed, by successive stages, from east to west, across "Wards Island", across Snake, R.C.Y.C., and Olympic, islands, and eventually across the northerly part of "Center Island Park" and (possibly) of Muggs Island (25 yards, or more, hence).

The plan outlined hereunder has in view only so much development as may reasonably be expected to be required in the next 20 years (i.e. the maximum up to 1975); consequently it ends at the westerly side of Olympic Island; this would take up only about 1/5th of the whole of the islands-area; deducting another 1/5th for the (extended) Island Airport, there would still be 3/5ths of the whole area for park-land and recreation: and it should be borne in mind that ¼ of the total area (consisting of Muggs Island, Forestry Island, and the "jungle" north of the Filtration plant) is at present entirely undeveloped; the two named islands can be reached only by boat.

At the present time the developed parkland and recreational areas consist of

(a) "Center Island Park" and Olympic Island,
(b) Hanlan's Park,
(c) the "Hanlans Beach" down to Gibraltar Point and along the Lakeshore to the bathing station at "Center Island".
(d) the beach at "Wards Island",
(e) the western end of Algonquin Island,
(f) and, to a negligible extent, Snake Island.

Premising that for each new dockage space

(a) the length should be not less than 800 feet (which is the distance mitre-to-mitre of the Welland Canal locks); and

(b) the usable part of the dock should be the same height above water level as the existing dockage; and

(c) the dockside depth should be a safe 24 feet the same as in the Western Gap, as per Chart 2065, although we suggest that 30 feet -- the same as the Welland Canal locks -- is preferable);

this suggested plan envisages counter-balancing "cut-and-fill (i.e. dredging and dumping) on the bay side of the Islands to provide a total of 9500 feet of dockage in five stages (5 years each) as follows:-

1 - 1700 feet at "Wards Island" by 1960;
2 - 2000 feet at Algonquin Island by 1965;
3 - 2000 feet at Snake and R.C.Y.C. islands by 1970;
4 - 1400 feet at Olympic Island by 1975; and thereafter;
5 - 2400 feet at "Center Island Park" and Muggs Island by 1980.

A total - - 9500 feet in 25 years (5 stages)

The essential railway will obviously be led off from the present tracks on Unwin Avenue: the roadway for trucks will be from the end of Cherry Street; this will immediately make Cherry Beach an accessible and usable bathing-resort in place of its present status as a "jungle", unsafe for women and children.

Crossing Eastern Gap by a lift-bridge of the usual North American Canal type (of which there are several across the Welland Canal) the line of rail-and-road communication would traverse "Wards Island", Algonquin Island, etc., in its progressive stages, at about 700 feet from dockside, leaving ample space for warehouses and dockside spurs.

This would still leave, for recreational purposes (bathing and beach-games and relaxation) a strip nowhere less than 400 feet depth from Lake Ontario and separated from the dock-area by the lagoon. From Chippewa Avenue (which leads to the R.C.Y.C. islands)

the depth of the area for recreational purposes (measured from the lake) rapidly increases: in that free area the Queen City Yacht Club and the R.C.Y.C. could be readily re-located; and, if necessary, a channel of sufficient depth for yachts could be very readily cut at Gibraltar Point. (In stormy weather, one often wonders whether Dame Nature is not going to cut such a channel, just as she cut the Eastern Gap over a century ago).

The preliminary work, bringing road and rail across the Eastern Gap, including the bridge and the 1700 feet of dockage at "Wards", with the dredging and ancillary work to deepen Eastern Gap, would take about 5 years, during all of which time the Wards Ferry Dock would be needed for workmen and material and would be available for the general public going to the Wards Beach (a very popular resort).

Queen City Yacht Club would not have to be re-located until 1961: in that year Algonquin Island would have to be evacuated. The Royal Canadian Yacht Club would not have to be re-located until about 1967: Olympic Island would not be absorbed into the dock area until 1970.

With the extension of the runways on the Island Airport (expected within the next year or two), Hanlan's Point will cease to be a park (people cannot swarm across an airport): the Hanlan's Point Ferry Docks will have to be discontinued within the next year or two; but Center Island Ferry Docks can continue (being improved and enlarged) even after the entire plan is completed (about 1980). That "Center Dock" will serve the largest number of the recreationers; at the eastern end of the Island, busses across the Eastern Gap Bridge will serve those who want to go to Wards Beach (e.g. from the densely populated areas of the city west and east of the Don River).

In this manner, the maximum use of the bay area, essential for national economy, can be attained at a minimum of disturbance to present vested interests; but at the same time, full use can be made of the area left free for recreational purposes: in fact, this plan provides for greater use than at present.

The residential area from St. Andrews Avenue to Chippewa Avenue would not have to be disturbed until 1970-80, and the narrow strip from Chippewa Avenue easterly to the end of the breakwater, being only about 400 feet wide, is not useful for park purposes and need not be disturbed at any time.

SMALL CRAFT

About 900 licensed yachts, dinghies, and power-boats, regularly ply the waters of the bay, as also do about 10 water-taxis: when regattas are being held, or squadrons from other points (including American clubs) are visiting Toronto, there are well over 1000 small craft.

But there is virtually no landing-place on the mainland: all that exists is 4 narrow slips at the foot of York Street, between the Terminal Warehouse dock and

Shed No. 4 (Canada Steamship Lines). The dockage at Shed 4 is occupied 90% of the time by C.S.L. freighters: immediately west of the shed is the private accommodation reserved for the R.C.Y.C. tenders "Kwasind" and "Hiawatha"; this leaves only about 60 feet of frontage on Queens Quay to accommodate the 4 slips and landing-stages for the general public.

The location is excellent; no other location along Queens Quay can equal it: but the inadequacy for the volume of public-users' needs is deplorable; and, in addition to the congestion, the unsafe, dilapidated, unsanitary, condition is appalling.

A National Harbour Board Administration would be entirely free from the petty municipal politics and improper influences now exerted on the Commission (to the detriment of the interests of the mass of small-craft owners and users).

A practical solution lies 100 feet to the east--the Ferry Docks. As soon as Hanlans' Point ferry service is discontinued (on the expansion of the airport) one ferry-dock would be immediately available for conversion to small-craft landing-stages; then, in 5 years, when the "Wards Island" ferry service will be no longer needed, another ferry-dock will be available for small-craft landing-stages: thenceforward, with only the "CenterIsland" service running, the remaining 3 ferry-docks would be ample to accommodate all traffic on the single route, even at the peak of rush-demand on a hot-summer holiday-weekend (which, at present ferry-fares, is diminishing).

OUTLINE OF POINTS SUBMITTED BY THE WINNIPEG CHAMBER OF COMMERCE TO THE ROYAL COMMISSION ON COASTING TRADE

1. The Winnipeg Chamber of Commerce is an association of business and professional men, grouped together for the common purpose of promoting the commercial, financial, professional, educational and social conditions of Greater Winnipeg in particular, and Manitoba and Canada in general. With a membership of nearly 1,500 this Chamber represents a broad section of the Winnipeg community. The problem of transportation has been one of major concern to Chamber members through the years, as the first recorded resolution of this Chamber in 1879 dealt with this subject.

2. With this interest in the field of transportation, we welcome the opportunity to present our views on Coasting Trade, which in our opinion is of the greatest importance to the future development of Canada.

3, In approaching this subject, this Chamber has worked from three basic policies:

(a) The Chamber prefers dynamic control by competition to the relatively static control by regulation;

(b) Control by regulation should be kept to a minimum and should be exercised only when there is a clear need to protect some accurately defined public interest; and

(c) Some individual adjustments are inevitably associated with competition and with economic growth and development, but these should not stand in the way of progress and should not be the basis for introducing restrictive legislation.

4. Examination of the policies set out above leads to the conclusion that maximum freedom of competition and minimum restriction are desirable. These should, in turn, result in the lowest possible transportation rates, which are essential if maximum benefit is to be derived from the St. Lawrence-Great Lakes System.

5. Winnipeg has long been the major distribution point of the prairie provinces and is an important centre of agricultural and other primary industries. Its development in various fields of manufacture is progressing rapidly. For these reasons, anything affecting the pattern of transportation rates is of the utmost importance, not only to the business life of Greater Winnipeg and Manitoba but also to the businesses and consumers within its distribution area.

6. However, while this Chamber desires the spur of competition to ensure the provision of lower rather than higher rates, recognition must be given to the fact that:

(a) Low rates without continuity of adequate service would be detrimental to the Canadian economy; and

(b) A vigorous lake fleet is our best assurance of continuous service.

7. The Winnipeg Chamber of Commerce believes that maximum rates established by governmental regulatory bodies in any field of transport should be based only on the costs and requirements of that particular form of transport and we therefore strongly recommend that any schedule of maximum water rates should not be forced to bear any fixed relationship to the costs and requirements of railways or highway transport operators.

8. This Chamber believes that if Canada is to secure maximum benefit from the St. Lawrence-Great Lakes System, greatly improved public dock facilities are required at the Lakehead.

SUMMARY

The Winnipeg Chamber of Commerce believes that the St. Lawrence-Great Lakes System can achieve the best possible return on the investment by the Canadian people only if the forces of competition are to be allowed to exert their influence on the lake shipping rate structure, and therefore we recommend that no further restrictions be placed in the way of participation in the Coasting Trade of Canada.

The Winnipeg Chamber of Commerce
June 29, 1955.

B. 97

THE DUNDEE, PERTH AND LONDON SHIPPING COMPANY, LIMITED

2 East Dock Street
Dundee, 28th June 1955

(1) The Dundee, Perth and London Shipping Company, Limited was founded in 1826 since when it has operated a coasting liner service between Dundee, Scotland and London, England, first with sailing ships, from 1834 with steam ships and since 1945 with motor ships. In later years services to Newcastle, Hull and Southampton from Dundee, Leith and Aberdeen and from Southampton to Dunkirk were added and are still operated today. The Company has also an interest in the service operated by Lockett Wilson Line, Limited between London and Paris.

(2) In 1948 Mr. C.H. Tregenza, encouraged by the Canadian Maritime Commission and by Newfoundland interests, formed Newfoundland-Great Lakes Steamships, Limited to operate a general cargo service from Toronto and Hamilton to St. John's, Newfoundland during the season of navigation. Two Canadian flag vessels were chartered for the first season but they proved unsatisfactory and since then British flag ships have maintained the service which has received encouraging support. One of the difficulties which Newfoundland-Great Lakes had to face was that the vessels which they chartered could only be arranged for one season at a time and the rate of hire for each season depended entirely on the fluctuations of the freight market. This made it difficult to ensure a stable rates tariff and that the ships would be available every year.

(3) In the autumn of 1950 the Dundee, Perth and London Shipping Company, Limited made an arrangement with Mr. Tregenza to provide tonnage from year to year at a fixed rate which would not fluctuate with the freight market. This arrangement ensured continuity of service to the benefit of traders in Newfoundland and enabled Mr. Tregenza to concentrate upon the development of a service between Ontario and Newfoundland. Two ships were operated in 1951 and in each season since then the Dundee, Perth and London Shipping Co. Ltd. have provided three ships.

(4) A study of the trade in 1951 and discussions in Newfoundland showed that in addition to serving Newfoundland by the transport of the goods and commodities which it purchased from Ontario, Newfoundland could be served in a new way by carrying frozen fish from the fish factories directly by sea to the markets in Toronto and in the middle western States of America. This trade required a specialized ship with refrigerated capacity and, looking to the future, the Dundee Company ordered a vessel for delivery in time to take her place in the service during the 1954 season. The capital cost was considerable but this was regarded as part of a policy for the general development of the Newfoundland trade in the best interest of all concerned.

(5) In 1954 the new ship entered the service and simultaneously the Dundee Company took steps to form a Canadian subsidiary company with a view to building up a dollar account which could be used in Canada for further development as required by the trade.

(6) The Dundee, Perth and London Shipping Company respectfully submit for the consideration of the Royal Commission:

(i) that in the general interests of Newfoundland's trade it is desirable that the service, developed and maintained by British ships, should not be prejudiced.

(ii) that the level of rates in the Newfoundland trade which is of great importance to the economy of the Island, can best be maintained by the continued use of British ships.

(iii) that the alternative to the employment of British ships is the maintenance of the service by ships under the Canadian flag which, inevitably, would involve a heavy increase in transport costs.

(iv) that the dollar earnings of the British ships contribute towards the funds required by the United Kingdom for the purchase of Canadian goods.

B. 98

BRITISH YUKON OCEAN SERVICES LTD.

1418 Standard Building
510 West Hastings Street
VANCOUVER 2, B.C.

June 30, 1955

G.G. McLeod, Esq
Secretary
Royal Commission on Coasting Trade
490 Sussex Street
Ottawa, Ontario

Dear Sir:

The undersigned, British Yukon Ocean Services Ltd., desires to hereby make the following submission to the Royal Commission on Coasting Trade:

British Yukon Ocean Services Ltd. is having built for it at Canadian Vickers Limited, Montreal, a ship of 4,000 tons' capacity for operation in the trade between Vancouver, B.C., and the Yukon Territory and northern British Columbia. Service is expected to commence in late September, 1955, and to be continued thereafter on a basis of a round trip voyage every two weeks, allowing one month for annual overhaul.

The above explanation is given because the named company is not presently operating ships in Canadian coastal waters.

The area in which the named company will operate is unique in the Canadian coasting trade because the Alaskan panhandle prevents Canada having ocean ports on the Pacific coast north of Portland Canal. Waterborne traffic to and from the Yukon Territory and northwestern British Columbia must therefore use a port in the Territory of Alaska of the United States of America.

This creates some additional work in connection with Canadian and United States of America Customs services but does not present any serious handicap to Canadian traffic entering the Alaskan port and re-entering the Canadian interior.

The jurisdictional situation does present considerable added expense to this traffic as the rates of pay for longshore and other services at Alaskan ports are greatly in excess of those maintaining in Canada, including the Yukon.

All of the Alaska ports in the panhandle of Alaska are ice-free at all times and waterborne traffic moves continously throughout the year. Winter conditions do create higher operating costs than at other times, mainly due to delays as result of storms, fog, snow and icing of the ships.

The principal traffic between the Yukon Territory and other parts of Canada consists of and will in our opinion continue to be, in the northbound direction - the living necessities of the population in

the Yukon and the industrial necessities of the mining industry, and, in the southbound direction - the mineral products of the northern area which presently include silver, lead, zinc, cadmium and asbestos.

The area that is under review in this submission has been fortunate in the relatively high values in its mineral production, first in placer gold and latterly in base metals associated with silver and a quite high grade of asbestos. This value has enabled it to market its production at the higher costs resulting from its isolation and the long distances in the area. There are in the area what appear to be large deposits of lower grade minerals that will require very careful handling of the mining, milling and transportation of the ores if the values are to be recovered.

All of the past mineral production of the area has used the ocean route and, in our opinion, that will for the foreseeable future continue to be the case. Road distances to treatment centers are entirely too long to make a road transport competitive. The vessels in the trade will have to be specially designed to make loading and unloading at the lowest possible cost, which is the case in the ship now building, as referred to above.

In our opinion, Part 13 of the Canada Shipping Act effectively protects this Canadian water movement between places in the area under review and places elsewhere in Canada, from competition of ships of foreign register. It does not, however, protect against competition from British ships or foreign-built British ships.

Using as an example the ship we have building and which will operate as a Canadian registered ship crewed with Canadian citizens, the total monthly crew payroll, exclusive of Master's wages, for straight time will be $5,550.00, and that of a British ship not operated with Canadian crew would be $1,970.00, the Canadian being 180% over the non-Canadian operated. The overtime rates of unlicensed personnel compare as follows: Canadian at $1.17 per hour after 40-hour work week, against from 48¢ per hour to 52¢ per hour after 56-hour work week for non-Canadian crewed ship.

We respectfully submit that positive protection should be given Canadian registered ships operated with Canadian crews in this Canadian coasting traffic, against any other ships, whether the operation of those other ships is on a schedules basis or on an occasional trip basis or in the more favourable summer season. This is not to say that this Company has any desire to create any monopolistic situation as to itself or Canadian operated ships but it respectfully states that, with the long experience of its associates, it does understand the necessities of dependable regularly-scheduled marine services at all seasons of the year at the lowest cost consistent with financial stability.

Yours very truly,

BRITISH YUKON OCEAN SERVICES LTD.

C.J. Rogers, President

JOHN INGLIS CO. LIMITED

TORONTO

JUNE 30, 1955

F O R E W O R D

The John Inglis Co. Limited with head office in Toronto, Ontario, is desirous of representing to the Commission, appointed under Order-in-Council P.C.1955-308 to enquire into the coasting trade of Canada, the close connection which it has enjoyed with the shipping industry of Canada as the leading builder of marine propulsion machinery.

The last sixty-five years of the company's history has included substantial participation in the indigenous Great Lakes shipbuilding economy and since 1917 in significant instances of ocean going shipbuilding. In recent years, while continuing its interest in Great Lakes shipbuilding, the Company has developed a more extended operation in naval engine building and in the manufacture of commercial ocean going vessel propulsion machinery.

In the course of this history the company has made substantial capital investments and has contributed significantly to the Canadian economy in payrolls, sub-contracts and tax revenues and technological progress. It has also made a major contribution to the national defence of Canada. The company now represents that its investments and its ability to continue to contribute to the national product and defence preparedness will be placed in jeopardy if with the removal of the physical barrier to ocean shipping in the St. Lawrence waterway adequate steps are not taken to protect the Canadian coastal shipping and the shipbuilding industry. Data is appended in the following pages in support of the company's claim that such protection is basic to the maintenance of its ability to continue its engine building operation which, as already indicated, is a substantial and well developed industry.

The company's engine building operation does not however depend solely on its output for Great Lakes shipping but as indicated above it is also related to naval and other ocean going ship construction. We submit that the opening of the St.Lawrence seaway will ultimately have a significant bearing on such ocean going ship construction. This need not be delterious for by adequate planning and protection significant aid can be given to the Canadian economy and a substantial degree of defence preparedness maintained with a minimum burden upon the taxpayer on account of the latter.

We submit by way of recapitulation that the opening of the St.Lawrence seaway may effect the following phases of shipping and shipbuilding, and we give the consequences and potentialities of this impact as we see it.

1. Great Lakes Coastal Shipping. There is a very real threat to our Great Lakes coastal shipping unless it is protected against the invasion of destructive foreign competition. To the extent that the industry suffers on this account, the shipyards and engine builders will also suffer. On the other hand, there is a real opportunity under adequate protection for the replacement and modernization of many vessels of the Great Lakes fleet with resultant contributions to the economy. The effect upon the engine builder of these two distinct and opposite possibilities is given in detail on page 10.

2. Great Lakes, Lower St.Lawrence and Newfoundland Coastal Shipping. We submit that this phase of coastal shipping should be considered simultaneously with (1) above. We have no overall figures on this movement but note that in 1953 in and out of American ports alone 1,025,000 tons were traded with Newfoundland, one of Canada's provinces. It seems certain that the majority of this tonnage was carried in foreign bottoms (see Marine Engineer, August, 1954). We urge that the protection given to coastal shipping should be extended to include this type of movement. The impact on the engine builder will be the same as under (1) above.

3. Shipbuilding. Whereas the construction, repair and maintenance of ships for the coastal shipbuilding industry can be expected to follow the fortunes of the latter, modified only to the extent that the new conditions encourage earlier replacement of vessels as dealt with on page 14, our Canadian shipyards take on additional importance

   a) under national defence preparedness programmes;
   b) for the building of ocean going shipping.

   It is anticipated that representations will be made to the Commission by the coastal shipping industry regarding the importance of the Great Lakes shipping as a defence supporting facility. The company completely concurs in the general principle embodied in such representations, and such arguments support the importance of the coastal shipping operation and its dependent industries. However, whereas the movement of ores, industrial materials and foodstuffs is a vital matter under peace or wartime conditions and simply becomes a matter of more pressing urgency under war threats, the position of the shipyard and engine builder takes a distinct importance for defence preparedness. Since their potential for this purpose is greatly increased with the removal of the St. Lawrence barrier we respectfully submit that this phase should be a subject for the consideration of the Commission. Similarly, the physical possibilities of building ocean going transport in the Great Lakes shipyards is a new potential for the economy of Canada which the Commission must consider.

4. Shipping and Ship Propulsion Trends. The company submits that in giving consideration to the effect of the removal of the barrier in the St.Lawrence

waterway as it permits the movement of larger ocean going vessels on the Great Lakes, and in considering the economic impact of such changed conditions, the Commission should not draw its conclusions entirely on past facts and statistics but must make adequate allowance for certain economic and technological trends that are relevant to the overall problem. We cannot presume to speak for the ship operators and the various factors of their operating costs but we submit that there have been significant developments in ship propulsion making for lower cost operation and faster turn around which are pertinent to the enquiry. We suggest that the enquiry will not be complete unless it takes cognizance of all of these factors.

In these days of rapid technological advancement and keen commercial competition the maintenance of manufacturing facilities in themselves cannot be thought of as static because the concept of manufacturing potential includes dynamic elements which are necessary to keep at least abreast of international progress.

Believing that the Commission will be sympathetic to this broad approach the company has included in this brief data on its relation to these several phases of shipping and on the basis of which it believes the importance of a sound marine engine building facility will be recognized. When taken together with the shipbuilding and shipping industries it will be conceded to be of sufficient importance to Canada to demand adequate protection.

Data in support of these claims is appended in the sequence given in the index.

5. Summary of Recommendations. We urge that the Commission recommend to the Government of Canada suitable revision of the coasting trade laws supplemented by such other action as may be necessary.

a) to restrict coastwise trading on the Great Lakes and St. Lawrence waterways to ships of Canadian registry;
b) to encourage the building of replacement ships and their machinery for the above trade, in Canada;
c) to maintain modern pilot plant facilities for naval propulsion machinery manufacture;
d) to encourage the building of ocean transport and its propulsion machinery in Canada.

BRIEF HISTORY OF JOHN INGLIS CO. LIMITED AND ITS CAPITAL INVESTMENTS FOR MARINE MACHINERY MANUFACTURE.

The John Inglis Company commenced the manufacture of marine steam engines in the year 1890 and in the ensuing years built a large number of the engines and boilers for passenger and freight vessels constructed for the Great Lakes and St. Lawrence River waterways.

In 1938 the present company purchased the plant and commenced operations under the name of John Inglis Co. Limited.

At the time of purchase the capital assets of the company were valued at $1,380,000.00. While designed for a general heavy engineering business, including marine machinery, these facilities were almost 100% adaptable to the manufacture of reciprocating steam engines, boilers, pumps and other marine propulsion machinery.

The new organization, recognizing the extent to which its predecessor's fortunes had been integrated with the Canadian shipbuilding industry, decided to further develop its marine machinery business. It took the necessary steps through licensing arrangements to enable it to keep at least abreast of modern design and manufacturing practice.

With the outbreak of the Second World War in 1939 the company made its facilities available for the production of propulsion machinery for Corvettes, Cargo Vessels, and Tribal Class Destroyers. While producing boilers for Corvettes Inglis secured a license from Yarrow & Company, Glasgow, covering water tube boilers, and then designed and produced a number of units of this improved type. The destroyer machinery included Parsons steam turbines not previously manufactured in Canada and water tube boilers to Yarrow's design. For this purpose the company augmented its agreement with Yarrow by securing a license agreement from Messrs. Parsons Marine & Steam Turbine Company, Wallsend-on-Tyne. Since the war the company has manufactured steam turbines for lake vessels as well as ocean going colliers supplying at least 90% of all Canadian requirements. In 1952, again in order to keep abreast of the demand for economical commercial ship operation, the company has taken out a license with Pametrade, a U.K. research organization dedicated to steam turbine development. Concurrent with this policy the company has built up its own marine engineering staff and manufacturing know-how so that it can now offer commercial propulsion equipment for modern cargo vessels, complex dual range machinery for Naval vessels and combination installations for convertible craft as amplified in the section of this brief dealing with trends in design. Through its connection with The English Electric Company of England, the company also enjoys the benefits of outstanding developments by 'English Electric' in the turbine field.

The establishment of a modern engine building facility in Canada has provided for substantial employment of workers not only in the engine plant itself but

also in many supporting industries, all of which has resulted in an appreciable contribution to the Canadian economy over the period of years under review. Especially significant in our view is the contribution which this industry makes in providing employment in the technical industrial development and defence preparedness. The building of modern propulsion equipment requires the services of engineers fully versed in modern thermodynamics and metallurgical sciences, process engineers and tool designers familiar with the special requirements of the art as well as leading craftsmentrained in production and installation practice. It will be appreciated that the development and retention of these technical skills has an importance reaching far beyond the immediate industry and is in fact significant in the technical development of our whole country. Its impact on the scientific development of the supply industries, and its relation to our universities and technical societies, has been vital in an age of technological progress.

The company's capital assets which are adaptable to the manufacture of marine propulsion machinery have a value at this date of $3,940,000.00. plus buildings at Scarborough, Ontario owned by its associate company 'English Electric' at a value of $2,824,000.00. In addition the company is the custodian on behalf of the Department of Defence Production for machine tools for the manufacture of marine turbines having a value of $3,500.000.00.

The company's output of marine machinery in the years 1940-1955 is given in Schedule 'A' appended to this brief as pages 6 and 7.

We believe that these facts will serve to support our claim to the position of the leading Canadian builder of marine propulsion machinery and to secure recognition of our right to be heard under the Commission's terms of reference.

SCHEDULE 'A'

SCHEDULE OF OUTPUT OF MARINE PROPULSION EQUIPMENT 1940 - 1955 TO DATE

A. Wartime Output

Year 1940-45 Product	Labor (Wages & Salaries)	Material & Parts	Overhead Expenses Incl. Tooling	Total Value
28 Corvette engines with condensers & shafting	$	$	$	$ 2,400,0
28 Corvette scotch marine Boilers				986,0
14 Corvette scotch marine water tube boilers				427,0
66 2500 H.P. Cargo vessel engines				7,148,0
104 Cargo vessel scotch marine boilers				2,715,0
109 Sets EC-2 pumps (9 per set)				2,497,0
116 Sets W.S. feed water pumps			Est.	600,0
130 Marine evaporators			Est.	500,0
4 sets Complete propulsion equipment incl. turbines, boilers, gearing, shafting & all auxiliaries for Tribal Class Destroyers (45,000 S.H.P.)	1,674,930	4,954,322	5,268,467	11,897,7
Installation sub-contract	1,326,637	125,000	884,424	2,336,0
Sub-Total - Wartime Output				31,506,7

B. Post-war Output 1946-48

5 Turbines - French colliers 1949	460,000	380,000	385,000	1,225,0
1 Turbines - Lake tanker	95,000	76,000	74,000	245,0

Year 1950-53 Product	Labor (Wages & Salaries)	Material & Parts	Overhead Expenses Incl. Tooling	Total Value
5 Turbines - Lake vessels	$ 670,000	$ 600,000	$483,000	$ 1,753,000
1953				
2 Turbines - Lake vessels	180,000	250,000	147,000	577,000
1954				
1 Turbines - Ocean vessels	176,000	135,000	14,000	325,000
1955				
1 Turbines - Lake vessels	173,000	86,000	55,000	314,000
Sub Total - Post-war Commercial Output	1,754,000	1,527,000	1,158,000	4,439,000

C. Post-war Naval Output

1950-56		
Plant for Naval Destroyer Escorts		8,250,000
Turbines - A/S Destroyer Escorts	To May 21/55	12,041,794
Turbines - Vancouver Class Escorts	(In Engineering Stage)	-
Output to Date		20,291,794

D. 1940-54 Total 56,237,574

Trends in Design

In order to properly assess the importance of a Canadian marine engine building industry it is necessary, we submit, to consider the trend in the design requirements of naval and merchant marine propulsion machinery. The manner in which these trends necessitate the weighting of data from past experience must also be taken into account and the need of constant effort to maintain modern manufacturing facilities and processes.

1. Naval T bines

The role of the Canadian Navy in an emergency is expected to be that of an escort force to maintain water borne supply routes. Machinery for vessels designed for this service must include the qualities pf high power output versus weight, also manoeuvrability and economic patrol performance. These basic requirements practically eliminate the reciprocating engine in favour of the steam turbine and even the latter must be especially designed for two substantially different performance ranges. This automatically involves the latest techniques in high temperature thermodynamics, metallurgical and mechanical design practices. The lead time for such manufacturing is considerably extended for special tooling and training, and hence defence planning cannot be premised on extensive and rapid utilization of existing machine shop facilities in utilities, mines and pulp mills as it was in the last war. The maintenance of a nucleus of skills and facilities in a proper turbine plant is vital to filling such emergent requirements.

2. Merchant Marine Turbines

Today speed is recognized as the common requirement for cargo vessels operating in competitive trade and for ships for defence support transport. With the increased speed of underwater assault craft it is unthinkable that in an emergency entire convoys of vital supplies shall be paced at speeds rendering them virtually "sitting ducks" by reason of antiquated propulsion equipment. Other requirements are similar except perhaps for some emphasis on operating efficiency and certain refinements in vessels designed for peacetime operation. To meet these considerations the modern steam turbine with its complement of steam plant must take precedence over older methods of propulsion, and because of the highly skilled manufacture of this equipment the importance of Canada having a basic production industry in this field cannot be over estimated.

Designers and manufacturers of marine steam turbines in the lower power ranges have banded together in the "Pametrada" organization to design turbine units of high efficiency, based on modern steam, metallurgical and mechanical design considerations, in a manner which lends itself to reasonably economical production on a unit or multiple built up basis. Here is evidence of the industry's efforts to meet competition and in turn to assist the shipbuilding economy.

In order to make such an effort of the utmost value to the shipbuilders it is important that there shall be sufficient demand to warrant the production of the "units" in batches and thus achieve the full potential of cost savings available. We believe this is a tangible instance of how a planned and properly supported shipbuilding industry can in due course tend toward a stabilized and self-supporting operation. It must however be assured of the needed support in order to justify the capital risks involved.

3. Convertible Cargo Liners

It is known that some preliminary consideration has been given to the design of a vessel which would meet normal commercial deep sea cargo requirements and also be capable of being armed for escort work. It would appear, that in order to be practical, propulsion machinery would require booster power and also need high efficiency at normal output in order to keep down operating cost.

Above 3,000 S.H.P. steam turbines lend themselves to this requirement and such designs are now quite practical.

A recent development which appears to be capable of meeting the dual requirements of this class of ship is a combination of the steam turbine and the gas turbine. The former with a relatively light weight and compact steam plant will give economical performance for normal operation while the gas turbine will provide booster power for emergency requirements. Inglis is prepared to manufacture these dual plants.

It is, however, necessary to plan such programs well in advance, and facilities must be available for the complex turbine and reduction gearing manufacture.

COASTING TRADE

A. Anticipated Impact of Unrestricted Foreign Coasting Trade

In one phase of its business as the leading builder of marine propulsion machinery the Inglis Company sustains the relationship of sub-contractor to the shipyards whose task is the replacement of the vessels engaged in the Great Lakes coasting trade. Reference to Schedule 'A' will show that in the years 1949-1955 to date we have manufactured propulsion machinery of modern characteristics for nine lake vessels which machinery has a sales value of $2,889,000. This is equivalent to the steady employment of 65 people plus materials, sub-contracts and other services costing $1,771,000.

If the coasting trade is invaded by foreign vessels we are informed that the Canadian ship operators will be forced to discontinue operations. This will inevitably mean the closure of the shipyards and the end of marine engine building as a Canadian industry with the resultant loss of employment and revenues to the economy.

B. Potential under Protected Coastal Shipping

Information supplied by the Dominion Marine Association indicates a cargo fleet of 264 vessels of Canadian registry on the Great Lakes in 1953 plus 432 vessels of U.S. registry. The development of the present "canallers" and "upper lakers" has been peculiar to the geographic and economic conditions which were obtained heretofore. However, we fully expect that if this industry is retained for North America there will be a demand for replacement of the present vessels to take advantage of the deepened waterways, to achieve faster "turn around" and to offset the higher costs of crews and stevedoring. We estimate this replacement rate at a minimum of 5 vessels per year for Canada.

As far as our Company is concerned such a program would be reflected in :

Employment of	216 people
Materials and sub-contracts	$550,000 per annum

We submit that the proper type of protection can be made a means, not only of protecting the present industry, but also of encouraging replacement of obsolete vessels, thereby developing a sounder industry and making at the same time a significant contribution to Canadian economy. We believe that cognizance should be taken of the Great Lakes - Newfoundland trade to further assist in this regard. Shipping and shipbuilding are basic industries in our economy and Canada cannot afford not to protect the capital investments already made, and which we submit, should continue to be made under conditions of our expanding economy.

C. Recommendation

We urge that the Commission recommend to the Government of Canada suitable revision of the coasting trade laws supplemented by such other action as may be necessary.

(a) to restrict coastwise trading on the Great Lakes and St. Lawrence waterways to ships of Canadian registry;
(b) to encourage the building of replacement ships and their machinery within Canada.

7. Naval Vessels and Deep Sea Transport

(A) Present Position

The company has demonstrated its ability to produce complex naval vessel machinery and ocean going transport machinery during the second world war and in the subsequent post-war years. The company is currently engaged in the execution of a naval escort machinery contract. This contract has required some two years to reach production and it alone does not provide sufficient continuing volume to keep the art alive.

Through the efforts of the Department of Defence Production and the company, Canadian sub-contractors have been set up for the production in Canada of all component parts and ancillary propulsion equipment for the same vessels. Many production problems have been solved in meeting the specifications which due to the high temperature and high pressure conditions of operation are of an entirely different order to those encountered in normal commercial work. The extended lead time necessary to bring this program into production and the very substantial cost of doing so will be lost to Canada if continuity of production is not maintained.

(B) The Effect of Completion of Contract

The effect of the completion of this present contract with the consequent idleness of the existing facility can be best expressed in terms of (a) the loss to the Canadian economy and (b) the lead time required to resume production. These factors are expressed as follows:-

(a) Loss to the Canadian Economy

(i) employment	400 people
(ii) payrolls	$1,102,965 per annum
(iii) purchases and sub-contracts	$5,550,000 per annum
(iv) utilities and purchased services	$ 239,000 per annum
(v) tax revenues	$ 82,000 per annum
(vi) development and "know-how" dissipated (exclusive of sub-contractors)	$ 785,000 per annum

(b) Lead Time required to Resume Production

Assuming a proven design being available, the lead time required to secure staff, design tooling, obtain machine tools, materials and achieve initial production of naval propulsion machinery would be approximately two years.

In the period 1945 to 1952 the company was fortunately able by means of its combined sales of turbines for Great Lakes and ocean going vessels to maintain a nucleus of manufacturing skills and facilities which were adaptable to naval turbines. Its chief steel casting source was not so fortunate and the wartime experience and know-how in the production

of naval turbine castings was completely dissipated and only recently recovered at a very substantial cost. The cost of developing a forging facility able to qualify as a naval forgemaster such as the Trenton-Steel Works should be available from Government files. These skills will soon be lost again unless a suitable program is maintained.

Again we respectfully reiterate that increasing complexity of naval requirements precludes the quick resumption of production from idle facilities. Unless a pilot plant is maintained, the sub-contract schemes would also be much less adaptable now than they were in the last war.

It is submitted that a pilot plant operation can be maintained at a lower minimum level on naval work if some of the overheads are shared by the production of machinery for other vessels.

(C) Recommended Action

In the first section of this report we have urged the necessity of modification of the coasting trade law to protect Canadian shipbuilding and in turn the machinery building industry.

In the present section we have sought to establish the importance of a naval turbine plant in Canada which would also be capable of the production of machinery for other ocean going vessels.

We submit that these two objectives are complementary and that if adequate action is taken in both areas the required financial support will be more than offset by the tangible benefits that will accrue to the general economy. We therefore urge that coincident with consideration of the Great Lakes coastal shipping the Commission give full consideration to naval defence preparedness. To whatever extent our company can contribute to such a solution, we respectfully offer our services.

8. Government Support and Protection

We submit that in the consideration of the problems before the Commission the question of protection of these vital industries is really the crux of the matter whether this protection be thought of in terms of coasting laws, tariffs on shipping or the subsidy of Canada's own vessels or a combination of such aids. It is interesting to note in this connection that recent press reports (vide The Financial Post May 14, 1955) have indicated some willingness on the part of the Canadian Government to give consideration to some form of subsidy for deep sea shipping. It should also be noted the The U.S. Maritime Administration has already taken large scale action in this direction.

The John Inglis Co. Limited is not competent to comment on the application of such devices in respect to ship operating or shipbuilding; it does, however, claim a hearing with respect to the protection of the engine building industry in Canada. At the present time, Canadian shipyards may secure a 99% drawback of all duties paid on importation of materials or equipment entering into the cost of ships which they build. This provision extends to propulsion machinery and parts for same whether imported by the engine builder or by the shipyard. In this manner the Canadian engine builder is exposed to competition from foreign builders. On the other hand the Canadian engine builder, desirous of soliciting business from the United States shipyards, is faced with a 15% tariff wall.

In view of the importance of the Canadian engine builder to the economy as set out in the aforegoing pages, we urge that when consideration is given to the protection of the shipping operators and the shipyards, that the engine building industry should also receive consideration in the form of a protective tariff commensurate with that which its U.S. competition enjoys.

THE MARITIMES TRANSPORTATION COMMISSION

A.M. MacKay, Chairman,
Halifax, Nova Scotia

L.W. Simms, Senior Vice-Chairman & Vice-Chairman for New Brunswick, Lancaster, New Brunswick

E.D. Reid, Vice-Chairman for Prince Edward Island, Charlottetown, P.E.I.

Edgar Miller, Vice-Chairman for Newfoundland, St.John's, Nfld.

Johnson Chew, Vice-Chairman for Nova Scotia, Glace Bay, N.S.

PRELIMINARY SUBMISSION OF THE MARITIMES TRANSPORTATION COMMISSION TO THE ROYAL COMMISSION ON COASTING TRADE

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Mr. Chairman and Commissioners:

Introductory

The Maritimes Transportation Commission, which is an organization authorized and supported by the governments of the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and affiliated with the Maritime Provinces Board of Trade, submits at this time the following preliminary brief to be presented in the course of the hearings of your Commission in its inquiry into the matters as set forth in Order-in-Council P.C. 1955-308.

The Maritimes Transportation Commission has been in existence for thirty years and through its affiliation with the Maritime Provinces Board of Trade is associated with approximately one hundred and ten boards in this territory. Its objects and purposes are to obtain the best transportation services possible at the lowest possible costs for persons and industries within the four Atlantic Provinces; and to this end it is impelled, among other things, to oppose any action or proposal in respect of transportation that would in any way affect detrimentally the trading position of merchants and industries located in the four Atlantic Provinces.

The Terms of Reference to the Royal Commission on Coasting Trade was the subject of consideration at the fifth Atlantic Provinces Shippers' Conference held at Moncton, N.B., on June 2nd, 1955 when representatives of various industries and trade asscciations embracing agriculture, mining, fishing, lumbering and manufacturing unanimously passed the following resolution:

> "WHEREAS, The cost of water transportation is of so vital importance to Maritime industry, especially to the coal and steel industry in Cape Breton, other basic industries and to the Province of Newfoundland;
>
> BE IT THEREFORE RESOLVED, That this meeting of the Atlantic Provinces Shippers' Conference of June 2nd, 1955 go on record as asserting emphatically that no move should be made whereby the cost of water transportation be increased through the restriction of trade to Canadian flag ships exclusively."

Re: Term of Reference 1(c)

"The relationship of the coasting trade of Canada, including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations;"

Low Cost Water Transport In The Maritime Economy

To the Atlantic Provinces low cost transportation is essential for the freest movement of trade, not only within this region, but also with the other parts of Canada. The greater proportion of the commodities produced in this area consists of basic and primary commodities which are relatively low in value, such as coal, steel, gypsum, lumber, various types of agricultural commodities, etc. This type of traffic, by its very nature, cannot bear high freight costs, particularly if the more distant markets are to be reached. It is to be noted that in order to facilitate the movement of goods in this category the railways provide a special type of rates known as commodity rates. The 1953 Waybill Study of the Bureau of Transport Economics reveals that 84% of the rail carload tonnage originating in the Maritime Territory moved on commodity rates. This proportion was approximately the same in Western Canada with its large originating volume of grain and grain products.

The all-inclusive cost of moving goods by water, particularly in bulk, is generally lower than by rail. In recent years the increased terminal and accessorial costs at the ports have had the effect of narrowing, in many cases, the cost advantage of common carrier water services. Where loading and unloading is performed at the ports by mechanical means, as in the case of most bulk commodities, these costs have not been affected as materially. When either Canadian or United Kingdom "bottoms" are used in the coasting trade, the terminal and accessorial costs will generally be the same. It follows, therefore, that the availability of cheaper charges by water transport then depends primarily upon the per diem costs of Canadian vessels vis-a-vis other British and the over-all market situation.

In a recent brochure* prepared by the Canadian Shipowners Association it was indicated that the comparative monthly labour costs of a Canadian Registered ship are over twice that of a "British" ship. The Sixth Report of the Canadian Maritime Commission, dated June 29, 1953, referred to these relatively higher costs as follows:

"A precipitous fall in freight rates has once more brought the Canadian deep-sea shipping industry, with its relatively high cost of operation, down to the point where, in many cases, losses have actually been incurred. This high cost is mainly due to the general Canadian wage structure which is considerably higher than that of the industry's European competitors. Consequently, in a period

* "Essential Life Line"

> of falling freight rates Canadian flag operation becomes unprofitable earlier than operation under European flags."
> (Underlining inserted)

The same Report shows that the estimated daily costs per 10,000 ton deadweight standard Canadian war-built vessel in 1952 was $816.00 as compared with $543.30 for a United Kingdom vessel of the same type. These per diem costs were exclusive of fuel oil and depreciation.

Construction costs of vessels are relatively higher in Canada than in the United Kingdom. On this aspect the Second Report of the Canadian Maritime Commission contains this statement:

> "Subject to the qualifications contained in this Report, the cost of a ship in Great Britain is approximately 25% less than the cost of a similar ship in Canada."

The higher capital and resultant depreciation costs of Canadian registered vessels increase the returns required by Canadian operators compared to their United Kingdom counterparts.

Charges for water transport also depend upon the utilization of a vessel. If the trade is seasonal, such as between the Maritime Territory and ports on the Great Lakes-St. Lawrence Waterways, profitable outlets must be found during the off-season for the employment of the ships if transportation charges are to be kept at a low level. If it is not possible to charter in the open market because of high operational costs, the ships will have to be wintered. When the demand for "bottoms" exceeds the supply, as was evidently the situation between 1950 and 1953, such all-year utilization may have been possible for the higher cost vessels of Canadian registry. However, under conditions of relative normalcy, the seasonal restriction in the Great Lakes-St. Lawrence and Atlantic coast trade and the comparatively higher costs of Canadian registered ships have made it necessary for some ship operators to time charter vessels of United Kingdom registry. (See Statement No. 9 attached.)

The pattern of traffic, its actual and potential offering, and its balancing are also important factors in the water rates assessed in relation to the operational costs.

The port-to-port rates must be sufficiently lower than the charges by other media of transport to attract the traffic, save under exceptional circumstances. This is because of the intangible disadvantages of water movement, such as slower service in most situations, infrequent sailings, delays and unreliability of sailings. Indeed, in some cases, if some types of bulk traffic is to move at all to distant competitive markets the charges must be sufficiently low to induce the movement.

It is a tuism in water transport that a large portion of water costs is unrelated to distance, whereas in rail transport, cost studies made in the United States

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* At Page 8 of the Report

indicate that while rail rates should taper as distance increases, a point is reached where evidently costs per unit stop declining, and as a consequence, there should not necessarily be a declining rate of progression in the rates throughout the whole haul, except when other factors come into play, making it necessary to provide a structure to maximize net returns.

Before World War II, regular common carrier water services were able to operate successfully between the Maritimes and the Great Lakes-St. Lawrence River ports and attracted a substantial volume of traffic. (See Statement 10 & 11 attached) The lower water rates reflected the lower operation costs of the water lines at that time. (See Statement No. 12 attached)

Since the beginning of World War II all that remains of the regularly scheduled common carrier water services between the Great Lakes-St. Lawrence Waterways and the Maritime Territory are the subsidized operations between St. Lawrence River ports and the Gaspe-Bay Chaleur area and between the Great Lakes-St. Lawrence Waterway and Newfoundland ports. The failure to re-establish the same pre-war operations may be attributed largely to the intangible disadvantages of the water lines, as well as to an insufficient potential offering of packaged freight westbound to balance eastbound traffic because of certain competitive rail rate reductions reflecting the pervasive influence of both water and truck transport.

Where the rail distances increase into the Maritime territory (with the rail rates reflecting the longer distance), and where water distances become relatively more favourable #-- as is the case between Newfoundland and the Great Lakes-St. Lawrence Waterways-- the steamship operators have found their otherwise intangible disadvantages sufficiently off-set to attract traffic. In fact, in many cases, they have been able to offer faster services at lower rates than via the "rail" routes. (See Statements 1, 2, 2A, 3, 4, 5, 6, 7 and 8, attached)

Newfoundland's entrance into Confederation has resulted in a shift in its trading pattern. As a consequence, the "rail" facilities that had been geared to the pre-confederation flow of traffic to and from Canada have proven wholly inadequate to cope with the traffic offering. While the railway has implemented some make-shift arrangements, purchased rolling stock, constructed new terminal facilities, and will put into service this year the ferry vessel "William Carson" to ply between North Sydney and a Newfoundland port, or ports, there has been experienced ia the "rail" route delays and congestions which have given rise to no end of complaints from the shipping public. Whether or not the new facilities via the North Sydney-Port aux Basques route will result in any material improvement remains to be seen.

Lower shipping costs stemming from the utilization of United Kingdom registered vessels and, in many instances, faster services by the water trade routes,

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See Statement 13 attached.

have combined to facilitate a freer movement of trade between the Maritime Territory and other parts of Canada than otherwise would obtain. In addition, the water carriers have had a temporizing influence on the rail rate structure. While, compared with the pre-World War II period, there has been a curtailment of regularly scheduled common carrier water services between some segments of the Maritime Territory and Central Canada, it cannot be gainsaid that the competition is not more actual than potential in respect of all Maritime ports. In this connection, when railway charges and the concomitant services become unfavourably balanced with the inherent intangible disadvantages of water transport, experience has shown in the case of Newfoundland that the latter media of transport becomes more attractive.

Vessel Cargoes Handled in the Inter-Provincial Trade of the Atlantic Provinces

The importance of water transportation to the Atlantic Provinces is indicated in the volume of cargoes carried in inter-provincial trade from and to those Provinces.

The cargoes # unloaded in inter-provincial trade at ports in the Atlantic Provinces (where collectors of customs and excise are maintained) in the year ended December 31, 1953, were as follows:

	Tons
Newfoundland	1,315,217
Prince Edward Island	68,265
Nova Scotia	1,785,890
New Brunswick	573,848
Total:	3,743,220

The amount of cargo, included in the above, which originated in the central Provinces were:

	Tons
Unloaded in Newfoundland	147,412
Unloaded in Prince Edward Is.	5,348
Unloaded in Nova Scotia	157,818
Unloaded in New Brunswick	182,317
Total:	492,895

In the reverse direction, there were loaded at ports in the four Atlantic Provinces for destinations in the central Provinces the following tonnages:

	Tons
Loaded in Newfoundland	109,861
Loaded in Prince Edward Is.	24,595
Loaded in Nova Scotia	1,822,566
Loaded in New Brunswick	92,249
Total	2,049,271

Coastal and Intercoastal Domestic Shipping Services

The important contribution being made by United Kingdom and other Commonwealth vessels in carrying the

For detailed breakdown see Statement Nos. 13 to 30 inclusive.

inter-provincial trade of the four Atlantic Provinces is evidenced in their 1953 arrivals at ports in the four Atlantic Provinces with cargoes from other Canadian ports totalling 567, and the number of their departures in the same year with cargoes to other Canadian ports amounting to 663. ✱

The sailings included 233 United Kingdom vessels chartered to the Dominion Steel and Coal Corporation Limited alone. ⊙ The balance includes charters in other "proprietary" services, special trip charters and the regular common carrier operations. #

Canadian flag vessels of 1,000 gross tons and over engaged in the Atlantic coasting trade of Canada as on December 31, 1954, totalled forty-one, of which eight were tankers. This figure includes the ferry operations of the Canadian National Railways, the Canadian Pacific Railway Company and the Canadian National Newfoundland Coastal Steamship Services totalling, in all, twelve vessels. ₮ Some of the other vessels were used in subsidized services. ∅

What is the Substitute for United Kingdom and Other Commonwealth Vessels?

The essential question is whether the barring of United Kingdom and other Commonwealth ships from the coasting trade of Canada will attract a greater number of Canadian registered ships in the coasting trade of Canada. Obviously, United Kingdom and other Commonwealth ships are used because they enable cheaper transportation costs. It follows that if those vessels were barred, transportation costs would tend to be higher in order to reflect the higher costs of Canadian registered ships. Aside from the necessity of the lowest possible costs if some products are to move to competitive markets at all, the extent to which Canadian registered vessels would fill the void would depend on whether their costs would be sufficient to allow port-to-port rates to off-set their intangible disadvantages and still be able to move the traffic that otherwise could be carried by United Kingdom vessels. The substitution of Canadian vessels would likely be possible only under exceptional circumstances and certainly not in the coal trade.

United States Experience

In the United States, where "sabotage" is barred, their experience in maintaining a domestic coastal and intercoastal fleet offers very little comfort to the proponents for the adoption of a similar policy in Canada.

The U.S. Pacific Coast presents somewhat of a parallel to the Canadian Atlantic coast when some of the distances between ports are considered. In 1939, the U. S. Pacific Coast trade had thirty-one operators with sixty-two vessels of 1,000 gross tons or over aggregating

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✱ See Statement Nos. 31, 32, 33 and 34
⊙ See Statement No. 35
See Statement Nos. 9 and 35
₮ See Statement No. 36
∅ See Statement No. 37

222,983 deadweight tons. In February, 1949, this fleet had dwindled to ten vessels aggregating 51,700 deadweight tons. These totals included common, contract and private carriers. When restricted to the common carrier field, the situation is even worse. In 1939, there were twenty-six vessels aggregating 112,485 tons, as compared with only two vessels in 1949, aggregating 21,600 deadweight tons. ✱

Adverting to the experience in the employment of vessels in the over-all United States domestic trade, one finds that the deadweight capacity of the dry cargo fleet has decreased from 3,152,000 tons in 1939 to 1,697,000 tons in 1952. These tonnages are represented by 467 vessels and 170 vessels in the respective years. In the United States coast-wise trade alone, the reductions in the number of vessels were from 252 in 1939 to only 62 in 1952. #

In the report prepared by the United States office of the Under-Secretary of Commerce for Transportation and the Maritime Administration, in April, 1954, entitled "Maritime Subsidy Policy" (at Page 125) the situation in connection with the United States domestic fleet is summarized in the following words, "The dry-cargo segment of the domestic fleet is in a serious condition."

Competition from Foreign Markets

Low cost water transportation is available to shippers of other countries in vessels of foreign registry transporting products competitive with the Atlantic Provinces to markets in Canada. It is an essential feature of the availability of vessels of United Kingdom and other Commonwealth registry that shippers in this territory are in a better competitive position than they otherwise would be if they had to rely upon vessels of Canadian registry only.

An illustration of shippers at a disadvantage in their own domestic markets (as compared with shippers from a foreign country), principally because of the higher transportation costs by water, obtains in the case of Prince Edward Island vis-a-vis Maine potato shipments to United States Southern markets. In the fall of 1954, Prince Edward Island potatoes moved on vessels chartered on the open market to United States Southern Ports for charges averaging about fifty-five cents per 100 lbs. whereas the port-to-port rates on potatoes per 100 lbs. from Searsport and Portland, Me., and Boston, Mass. were substantially higher.

It is of paramount importance that the competitive position of Maritime traders, in relation to shippers of other countries, is not worsened by a proscription which would deny to them the influences of the world shipping market.

✱ From Report of the Interstate Commerce Commission in Docket No. 29722, Pacific Coast-wise Water Rates, decided April 10, 1950.

Maritime Subsidy Policy (Prepared by the Office of the Under-Secretary of Commerce for Transportation and the Maritimes Administration, April 1954) at Pages 10 and 11.

Rail Rates in Relation to Water Rates

The rail rate structure within and between the Maritime Territory and central Canadian Territory, and between the Maritimes and Pacific Coast points, basically reflects the pervasive influence of water competition. One of the earliest cases in which the Board of Transport Commissioners recognized the influence of water competition on the Maritime rate structure was in the Western Rate Case. In its judgment in that proceeding, the Board said:

> "The rates in the Maritime Provinces are low, not only as a result of water competition, but also as a result of rates obtaining on the Intercolonial, whose operations have largely resulted in deficits." #

There are many competitive rates in existence today between the Maritime territory and other parts of Canada which are prevalent only during the season of open navigation. It is to be noted that, except in cases where potential competition is particularly strong, the lessening of competition has resulted from time to time in the removal of competitive rates. For example, water competitive class rates were introduced in 1953 from specified stations in Ontario to destinations in Newfoundland, effective only during the season of open navigation. That is, the higher normal class rates apply after the water navigation ceases. Moreover, because of curtailed water services, competitive rail rates from central Canada to the Maritimes were cancelled in September, 1948, and in July of the following year, competitive rates on grain and grain products to this area were revised upwards.

In the thirties, water competition of regular services resulted in the establishing by the railways of competitive rates on various commodities (including Eastbound flour, feed and canned goods) that moved in volume between the central Provinces and the Maritime territory. More recently, the water competition situation which has developed between ports on the Great Lakes and Newfoundland has also resulted in the establishment of a number of seasonal competitive rates on some of the important commodities in that inter-provincial trade. Among these commodities are, for example, automobiles, grain, grain products and canned goods.

The Incidence of Competition in Dictating Low Water Costs For The Atlantic Provinces

The intense motor truck competition which exists in the central Provinces has resulted in substantial rate reductions to shippers in that part of Canada. Consequently, the railways have endeavoured to secure more of their revenue requirements from the non-competitive field. Because of distance between the Maritime territory and central Canada, motor truck competition, although manifesting itself to a greater degree as freight rates have been increased, has not yet attained the same intensity nor has it had the effects on the inter-territorial rate structure, as in the case of the central Provinces.

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17 C.R.C. Page 123 @ pp. 103 and 164 (1914)

Consequently, a large proportion of the traffic from and to this area--except where water competition is either strongly potential or actual--has remained in the non-competitive field. It is patent that increases in costs of water transport would increase the volume of traffic in the non-competitive field with detrimental consequences to marginal industry in this area and resultantly, to the railways because of curtailed purchasing power of those dependent upon such industries.

United Kingdom Trade in Relation to the Atlantic Provinces

Since Canada can exert only very limited influence over world trade policies, and since the economy of the Atlantic Provinces has already experienced adjustments and curtailments stemming from decisions of other trading nations and restrictions associated with the maintenance of foreign exchange balances, it therefore becomes of paramount importance to the economy of this region that national policies be directed in every way possible to the lessening, rather than the worsening, of its economic position.

For the United Kingdom, one of its most important invisible items of trade--supplying Canadian dollars for the purchase, for example, of apples, newsprint, woodpulp and lumber from the Atlantic region--is their shipping services. It follows that restrictions against United Kingdom or other Commonwealth vessels could result in retaliatory action to conserve Canadian dollars.

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Re: Term of Reference 1(d)

"The necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada;"

On The Question of Different Regional Policies in Respect Of Canada's Coasting Trade

If it is found in the national interest that conditions and circumstances in the Great Lakes-St. Lawrence area dictate special shipping policies required for that area alone, this part of Canada would have no objection to measures being established to take care of that particular problem, as long as such measures are not unfavourable to this area. Different policies or measures to meet dissimilar conditions are not something new in respect of shipping in Canada. In this regard, Part 2 of the Transport Act provides for the regulations of transport by water of passengers and goods on the Great Lakes-St. Lawrence Waterway to the Western point of the Island of Orleans. These regulations do not apply for the transport of passengers and cargo, for example, between Atlantic ports and ports on the Great Lakes-St. Lawrence Waterway.

Treatment of British Registered Vessels Must Be Uniform

In the Report of the Conference in the operation of Dominion Legislation and Merchant Shipping Legislation, 1929, which was approved by the Imperial Conference of 1930, and to which effect was given by the British Commonwealth Merchant Shipping Agreement of December 10, 1931,* there is the following paragraph:

> "100. Uniform Treatment. (a) At present all British ocean-going ships are treated alike in all ports of the British Commonwealth and, as stated in the Resolutions of the Imperial Economic Conference of 1923, it is the established practice to make no discrimination between ocean-going ships of all countries using ports in the Commonwealth. In view of the importance that is attached to uniformity of treatment, it is recommended that the different parts of the Commonwealth should continue not to differentiate between their own ocean-going ships and similar ships belonging to other parts of the Commonwealth. Such uniformity of treatment is regarded as an asset of very considerable importance, especially for the purpose of negotiations with foreign governments who may seek to discriminate in favour of their own ships and against British Commonwealth ships."

This article places in its proper perspective the condition which underlies the established practice of Commonwealth nations not to differentiate between their ocean-going vessels and those of other parts of the Commonwealth. Any differentiation in tolls on the St. Lawrence Seaway against United Kingdom or other Commonwealth ships would have the same restrictive effect as an outright bar. It is essential that any tolls applied on the Seaway should not be discriminatory but should reflect the spirit of the Commonwealth Agreement of 1930.

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Re: Term of Reference 1(a)

> "The relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;"

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* Article 11 of this Agreement reads as follows: "While each part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country."

In the Matter of a Canadian Merchant Fleet and Canadian Shipyards

The questions of a Canadian merchant fleet and the welfare of our Canadian shipyard, are important ones. Traditionally, the shipyards' facilities in this area have played an important role and they can be expected to do so in the future. If special measures are necessary to foster the development and encourage the maintenance of a merchant marine for the national defence and the development of Canada's foreign commerce to complement the ships of other Commonwealth countries, these should be implemented, and the desired results can undoubtedly be achieved without the harmful effects--particularly to the economy of this area--that would result from a proscriptive approach.

An underlying postulate of the proponents for the barring of United Kingdom and other Commonwealth vessels is that such a policy would result in an increase in activity in Canadian shipyards. The United States experience does not support this assumption. However, careful consideration might be given to a measure that would require that certain repairs of British vessels be made in Canadian shipyards when the operations of such vessels in the Canadian coasting trade has been for a stipulated period of time, providing that repair costs are within a reasonable competitive range and such a measure would not in effect be restrictive thus resulting in interference with the availability of United Kingdom and other Commonwealth ships.

Re: Term of Reference 1(b)

> "The probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes."

Atlantic Provinces in Relation to St. Lawrence Seaway

The effect of the Seaway on the coasting trade of Canada must be related to the economic impact of that undertaking on the Atlantic Provinces jointly.

It is anticipated that the effect of the Seaway will vary materially as between Provinces in the Atlantic area. In the case of Nova Scotia, preliminary surveys indicated that there will likely be a serious adverse effect upon major segments of its economy from the Seaway; regardless of whether or not a proscription is applied against United Kingdom or other Commonwealth registered ships. In this connection, one conclusion reached was that because of the large volume of ore traffic expected to flow up the river from Seven Islands, distress tonnage will result in the reverse direction which will hold down transportation rates on suitable traffic. It follows, therefore, that lower transportation charges from Great Lakes ports to the St. Lawrence will increase the competition in that market for producers from this area. It is asserted that the impact will tend to be greater if United Kingdom vessels are barred.

St. Lawrence Seaway In Relation To Shipyards

It is the consensus that one of the effects of the opening of the St. Lawrence Seaway will be an increase in the volume of shipping via the coastal waters of the

Atlantic. It is not unreasonable, therefore, to anticipate that, stemming from the greater shipping activity in those waters, there will result a greater amount of repair and maintenance work for Atlantic shipyards. At present the Atlantic shipyards are principally occupied with repairs and maintenance or with defence construction, rather than with commercial shipbuilding, other than fishing vessels. Since it is unlikely that the barring of United Kingdom registered ships in the coasting trade of Canda would result in a greater volume of Canadian registered ships within, and from and to, the coastal waters of the Atlantic Provinces, it follows that the volume of repair work would be less than it otherwise would be, and it would be more likely that more repair work would be attracted to lake port yards rather than to facilities in this area.

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Seaway Study in General

Because of the relative dearth of studies from the Canadian aspect on the probable effects of the St. Lawrence Seaway, this Commission considers that the Term of Reference in that regard is most opportune and the report thereon will be awaited with a great deal of interest. It is submitted, however, that if preliminary factual studies of the Royal Commission on this subject were made available before the finalizing of the Report, it would make it possible for interested parties to file supplementary briefs on this particular subject and thus be of greater assistance in the inquiry on that reference.

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Canada's Shipping Needs In A National Emergency

One of the main arguments of those seeking the barring of sabotage in Canada is that it is required in the National Defence. Aside from the unsupported and dubious thesis that the implementation of such a policy, standing alone, would result in an increase in Canada's coastal shipping, it is evidently overlooked that Canada has subscribed to the North Atlantic Treaty Organization Plan for the pooling of all merchant ships flying the flags of member nations. The important feature of the plan is that the essential shipping requirements of all allied nations will, as far as possible, be protected by the allocation of ships from the pool for necessary voyages.

While coastwise and intercoastal fleets would constitute a reservoir from which to draw tonnage, in the event of an emergency, the results of the restricted coastal policy of the United States does not offer any encouragement to that end.

In General

A reasonably fair participation of the Atlantic Provinces in the economic development of Canada requires that, relatively and absolutely, transportation costs must be kept at a minimum. The transportation factor is inextricably involved in the extent to which the products of these provinces from fishing, mining, forestry, agriculture and manufacturing can participate more or less in the Canadian and United States markets.

The availability of United Kingdom and other Commonwealth ships has resulted in low water transportation charges for the transport of bulk cargo. This is absolutely essential. Indeed, the movement of coal from "the Sydneys" to ports along the St. Lawrence Waterway* is the "sine qua non" of the coal industry.

The extent to which there has been and will be exploitation of the fishing, mining and agricultural resources of the Atlantic Provinces, commensurate with the economic development of Canada as a whole, has been and will be determined by the cost of transportation from various other sources of supply to the principal markets, relative production costs, location of the markets, pricing policies of producers located elsewhere, and national and international trade policies.

Variations in the relative prosperity of fishing, agriculture, mining, forestry and manufacturing in the Maritimes, have resulted from differences in the laid-down costs of these products, and the quality of services as compared with those of other sources of supply. Subventions on coal, for example, and the Feed Grain Freight Assistance Policy constitute arrangements to remove the disadvantage of distances and, consequently, to encourage production. The economic development which has taken place in Canada since Confederation has indicated a tendency for manufacturing to be located close to the market. As a consequence industrial agglomeration has taken place in the central provinces where more than 60 per cent of Canada's population is located. This increasing concentration of industry has also induced improved transport services by the various media. As a result, schedules are generally faster, more convenient and frequent. This better quality of service is of advantage in that it enables a greater degree of correlation with production schedules, less absorption of working capital in goods in transit, and a reduction in storage requirements. These factors and the rate reductions stemming from the intense motor truck competition in that area, make it necessary for persons and industries in the Atlantic Provinces to seize upon every means to maintain or improve their competitive position.

A restriction such as the barring of United Kingdom and other Commonwealth ships from the coasting trade of Canada cannot be countenanced, while, at the same time, there exists a need in Canada for a country-wide development of factual data in order to place the whole transportation problem in this country in its proper perspective to the end of enabling the framing of a National Policy conducive to a total transportation system capable of meeting all the needs for economic prosperity as well as the civil and military defence.

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* Where Nova Scotia coal is transported by water to ports in the Province of Quebec situated on the St. Lawrence River, or the Gulf thereof, east of and including the port of Montreal, the assistance is by payment to the coal mine operator, transportation agent, or coal distributor, as the case may be, of an amount equal to the difference, as determined by the Dominion Coal Board, between the laid-down cost at any of the said ports of Nova Scotia coal and the laid-down cost at the same port of imported coal or the sum of three dollars ($3.00) per net ton, whichever is the less.

The economic history of the Atlantic Provinces dictates that transportation measures which tend to be restrictive and shrink the competitive distributing area of Maritime production, or depress further the relative standard of living in this area, must be avoided if possible or, if adjustments are necessary, be balanced in the process.

In conclusion, the Atlantic Region must strongly oppose any proposal to bar or restrict United Kingdom or other Commonwealth registered ships in the coasting trade of Canada, since it is obvious that such action would have the effect, either directly or indirectly, of increasing the water transportation costs to persons and industries in this section of Canada.

Respectfully submitted,

Rand H. Matheson

Executive Manager
The Maritimes Transportation Commission

June 30, 1955

B.100

STATEMENT NO.1
Page 1

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL AND RAIL/WATER ALSO ALL WATER CLASS RATES AND DIFFERENTIALS FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO ST.JOHN'S, NEWFOUNDLAND

(Rates in cents per 100 lbs.)

TO ST. JOHN'S, NEWFOUNDLAND

Classification 1954	1	2	3	4	5	6
Classification 1955	100	85	70	55	45	40
From Toronto, Ont.						
1954						
Normal All Rail ¤	380	332	290	241	192	180
Competitive, All Rail and Rail/Water #	272	238	214	174	139	129
All Water ø	245	210	185	165	133	124
Differential(Summer)	27	28	29	9	6	5
1955						
Normal All Rail ¤	420	357	294	231	189	168
Competitive, All Rail and Rail/Water #	333	283	233	183	150	133
All Water ø	324	275	226	177	145	130
Differential(Summer)	9	8	7	6	5	3
From Hamilton, Ont.						
1954						
Normal All Rail ¤	388	339	292	246	196	184
Competitive, All Rail and Rail/Water #	280	245	216	179	143	133
All Water ø	245	210	185	170	137	128
Differential(Summer)	35	35	31	9	6	5
1955						
Normal All Rail ¤	429	365	300	236	193	172
Competitive, All Rail and Rail/Water #	342	291	239	188	154	137
All Water ø	333	283	232	182	149	134
Differential (Summer	9	8	7	6	5	3
From London, Ont.						
1954						
Normal All Rail ¤	417	364	315	262	209	196
Competitive, All Rail and Rail/Water #	309	270	239	195	156	145
All Water ø	280	245	215	185	156	145
Differential(Summer)	29	25	24	10	-	-
1955						
Normal All Rail ¤	456	388	319	251	205	182
Competitive, All Rail and Rail/Water #	378	321	265	208	170	151
All Water ø	378	321	265	208	170	151
Differential (Summer	-	-	-	-	-	-

For explanation of reference marks see Page 2.

TO ST.JOHN'S, NEWFOUNDLAND

Classification 1954	1	2	3	4	5	6
Classification 1955	100	85	70	55	45	40
From Windsor, Ont.						
1954						
Normal All Rail ♀	430	379	324	273	216	205
Competitive, All Rail and Rail/Water #	322	285	248	206	163	154
All Water ø	312	276	240	199	157	149
Differential(Summer)	10	9	8	7	6	5
1955						
Normal All Rail ♀	501	426	351	276	225	200
Competitive, All Rail and Rail/Water #	413	351	289	227	186	165
All Water ø	404	343	282	221	181	162
Differential(Summer)	9	8	7	6	5	3

NOTE: 1954 -- Competitive, All Rail, Rail/Water Class Rates effective from April 12, 1954 to November 30, 1954
-- All Water Class Rates effective from April 15, 1954 to last sailing November 1954.
1955 -- Competitive, All Rail, Rail/Water Class Rates effective from April 15, 1955 to November 30, 1955 unless sooner cancelled, changed or extended.
-- All Water Class Rates effective from April 18, 1955 to last sailing November 1955.

♀ Applicable on close of navigation.

Not applicable on Automobiles, Freight or Passenger, set-up; Fertilizers; Fruits and Vegetables, Fresh or Green, not cold pack; Salt; Tobacco, unmanufactured and Wall Plaster.

ø Not applicable on Automobiles, freight or passenger. NOTE: All Water Movement (via Lake Freight Association). Except as specifically provided for, rates are exclusive of cartage. Carload shipments forwarded by or consigned to firms at points in the Province of Ontario whose premises are located on a railway, the cartage charges will be absorbed, except on rates which are designated to apply "Ex Dock" only. Truck and Water Movement. (For example, Newfoundland--Great Lakes Steamships Limited). Rates in Toronto and Hamilton Groups do not include Pick-Up except where shipper is located on a rail siding.

The Maritimes Transportation Commission
May 30, 1955

B.100

STATEMENT NO. 2

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL, RAIL/WATER AND ALL WATER COMMODITY RATES ON CANNED GOODS FROM CENTRAL CANADIAN ORIGINS TO ST.JOHN'S, NEWFOUNDLAND

(Rates in cents per 100 lbs.)

FROM: TO ST. JOHN'S, NEWFOUNDLAND

R A T E S

		Normal, All Rail		Competitive, All Rail and Rail/Water		All Water			Differential (Summer)	
		o		#			®			
Carload Minimum: Lbs.		50,000	30,000	50,000	30,000	50,000	30,000	24,000	50,000	30,000
Toronto, Ont.	1954	154	180	111	129	107	-	124	4	-
	1955	151	168	110 ≠	133	108	130	145	2	3
Hamilton, Ont.	1954	157	184	114	133	110	-	128	4	-
	1955	154	172	113 ≠	137	111	134	149	2	3
London, Ont.	1954	167	196	125	145	-	-	-	-	-
	1955	164	182	125 ≠	151	-	-	-	-	-
Windsor, Ont.	1954	173	205	130	154	126	-	149	4	-
	1955	180	200	136 ≠	165	134	162	181	2	3

NOTE: o Normal All Rail effective on close of navigation.
1954 - Effective April 12, 1954 to November 30, 1954 inclusive.
1955 - Effective April 15, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

/ Effective May 2, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

& 1954 - Effective from April 27, 1954 to November 20, 1954.
1955 - Effective from May 20, 1955 to November 26, 1955 unless sooner cancelled, changed or extended.

STATEMENT NO. 2A

STATEMENT COMPARING CARLOAD FREIGHT RATES ON CANNED GOODS FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO ST. JOHN'S, NFLD., SYDNEY, N.S. AND TO HALIFAX, N.S.
(Rates in cents per 100 lbs.)

TO:	S T. J O H N' S, N F L D.				SYDNEY, N.S.		HALIFAX, N.S.		ARBITRARIES (Summer) St.John's, Nfld. over Sydney, N.S.		St.John's, Nfld. over Halifax, N.S.	
Carload Minimum: LBS.	50,000 Normal, All Rail o	30,000 Normal, All Rail o	50,000 Competitive, All Rail, and Rail/Water #	30,000 Competitive, All Rail, and Rail/Water #	50,000 All Rail	30,000 All Rail	50,000 All Rail	30,000 All Rail	50,000	30,000	50,000	30,000
From Toronto, Ont.												
1954	154	180	111	129	99	118	94	109	12	11	17	20
1955	151	168	110 ϕ	133	103	118	100	111	7	15	10	22
From Hamilton, Ont.												
1954	157	184	114	133	103	121	97	114	11	12	17	19
1955	154	172	113 ϕ	137	106	118	103	114	7	19	10	23
From London, Ont.												
1954	167	196	125	145	114	134	107	129	11	11	18	16
1955	164	182	125 ϕ	151	116	129	113	125	9	22	12	26

Statement No. 2A -
Continued

Carload Minimum: LBS.	S T. J O H N' S, N F L D. 50,000 30,000 Normal, All Rail ♀		S T. J O H N' S, N F L D. 50,000 30,000 Competitive, All Rail, and Rail/Water #		SYDNEY, N.S. 50,000 30,000 All Rail		HALIFAX, N.S. 50,000 30,000 All Rail		ARBITRARIES (Summer) St.John's, Nfld. over Sydney, N.S. 50,000 30,000		St.John's, Nfld. over Halifax, N.S. 50,000 30,000	
From Windsor, Ont.												
1954	173	205	130	154	120	142	114	134	10	12	16	20
1955	180	200	136 ♂	165	132	147	129	143	4	18	7	22

NOTE:
♀ Normal, All Rail Effective on close of navigation season.
\# 1954- Effective from April 12, 1954 to November 30, 1954 Inclusive.
1955- Effective from April 15, 1955 to November 30, 1955 Inclusive, unless sooner cancelled, changed or extended.

♂ Effective May 2nd, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

The Maritimes Transportation Commission
May 11, 1955.

B. 100

STATEMENT NO. 3
Page 2

C. Automobiles, Trucks, Set Up.

C.L. (Minimum Weight, 10,000 Lbs.)

	Normal All Rail ♀	Competitive All Rail & Rail & Water ≠	All Water #	Differential
From Toronto, Ont.				
1954	332	-	297	35
1955	357	336	301	35
From Hamilton, Ont.				
1954	339	-	304	35
1955	365	343	308	35
From Windsor, Ont.				
1954	379	-	344	35
1955	426	401	366	35

NOTE: ♀ Less than carloads--Applicable year round. Carloads--Applicable on close of navigation season.

≠ All Rail--Effective April 4, 1955. Applicable on year round basis.
Rail and Water--Effective April 18,1955 to expire with November 30,1955, unless sooner cancelled, changed or extended.

All Water--Effective May 20, 1955 to expire with November 26, 1955, unless sooner cancelled, changed or extended.

The Maritimes Transportation Commission
May 30, 1955.

B. 100

STATEMENT NO. 4

STATEMENT COMPARING CARLOAD AND LESS THAN CARLOAD FREIGHT RATES ON IRON AND STEEL ARTICLES FROM CENTRAL CANADIAN ORIGINS TO ST. JOHN'S, NFLD.
(Rates in cents per 100 lbs.)

TO ST. JOHN'S, NEWFOUNDLAND

	Normal All Rail ○	Competitive All Rail & Rail and Water #	All Water #	Differential (Summer)
A. C A R L O A D S				
36,000-40,000 lbs. minimum weight				
From Toronto, Ont.				
1954) 1955)	163	112	108	4
From Hamilton, Ont.				
1954) 1955)	167	116	112	4
From Welland, Ont.				
1954) 1955)	168	117	113	4
From Windsor, Ont.				
1954) 1955)	183	132	128	4
B. LESS THAN CARLOADS				
From Toronto				
1954	241	174	167	7
1955	231	183	177	6
From Hamilton				
1954	246	179	172	7
1955	236	188	182	6
From Welland				
1954	247	180	173	7
1955	246	193	187	6
From Windsor				
1954	273	206	199	7
1955	276	227	221	6

NOTE: ○ Normal, All Rail--applicable on close of navigation.
Applicable during season of open navigation.

The Maritimes Transportation Commission
May 30, 1955.

B. 100

STATEMENT NO. 5
Page 1

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL AND RAIL/WATER ALSO ALL WATER CLASS RATES AND DIFFERENTIALS FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO CORNER BROOK, NEWFOUNDLAND

TO CORNER BROOK, NEWFOUNDLAND

Classification 1954		1	2	3	4	5	6
Classification 1955		100	85	70	55	45	40
From Toronto, Ont.							
1954							
Normal, All Rail	¢	306	266	233	193	153	144
Competitive, All Rail and Rail/Water	#	219	191	172	139	111	104
All Water	¢	209	182	164	132	105	99
Differential (Summer)		10	9	8	7	6	5
1955							
Normal, All Rail	¢	345	293	242	190	155	138
Competitive, All Rail and Rail/Water	#	267	227	187	147	120	107
All Water	¢	258	219	180	141	115	104
Differential (Summer)		9	8	7	6	5	3
From Hamilton, Ont.							
1954							
Normal, All Rail	¢	314	274	234	198	158	150
Competitive, All Rail and Rail/Water	#	227	199	173	144	116	110
All Water	¢	217	190	165	137	110	105
Differential (Summer		10	9	8	7	6	5
1955							
Normal, All Rail	¢	354	301	248	195	159	142
Competitive, All Rail and Rail/Water	#	277	235	194	152	125	111
All Water	¢	268	227	187	146	120	108
Differential (Summer)		9	8	7	6	5	3
From Windsor, Ont.							
1954							
Normal, All Rail	¢	354	314	268	225	178	169
Competitive, All Rail and Rail/Water	#	267	239	207	171	136	129
All Water	¢	257	230	199	164	130	124
Differential (Summer)		10	9	8	7	6	5
1955							
Normal, All Rail	¢	426	362	298	234	192	170
Competitive, All Rail and Rail/Water	#	326	277	228	179	147	130
All Water	¢	317	269	221	173	142	127
Differential (Summer)		9	8	7	6	5	3

For explanation of reference marks see Page 2.

NOTE: 1954 -- Competitive, All Rail, Rail/Water Class Rates effective from April 12, 1954 to November 30, 1954.

-- All Water rates effective from April 15, 1954 to last sailing November, 1954.

1955 -- Competitive, All Rail, Rail/Water Class Rates effective from April 15, 1955 to November 30, 1955 unless sooner cancelled, changed or extended.

-- All Water Class Rates effective from April 18, 1955 to last sailing November, 1955.

o Applicable on close of navigation.

Not applicable on Automobiles, Freight or Passenger, set-up; Fertilizers; Fruits and Vegetables, Fresh or Green, not cold pack; Salt; Tobacco, unmanufactured and Wall Plaster.

ø Not applicable on Automobiles, freight or passenger. NOTE: All Water Movement (via Lake Freight Association). Except as specifically provided for, rates are exclusive of cartage. Carload shipments forwarded by or consigned to firms at points in the Province of Ontario whose premises are located on a railway, the cartage charges will be absorbed, except on rates which are designated to apply "Ex Dock" only.

The Maritimes Transportation Commission
May 30, 1955.

STATEMENT NO. 6

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL, RAIL/WATER AND ALL WATER COMMODITY RATES ON CANNED GOODS FROM CENTRAL CANADIAN ORIGINS TO CORNER BROOK, NFLD.

(Rates in cents per 100 lbs.)

TO CORNER BROOK, NEWFOUNDLAND

	Normal, All Rail		Competitive, All Rail and Rail/Water		All Water			Differential (Summer)	
Carload Minimum: LBS.	50,000	30,000	50,000	30,000	50,000	30,000	24,000	50,000	30,000
From Toronto									
1954	122	144	89	104	84	-	99	5	-
1955	124	138	88	107	86	104	115	2	3
From Hamilton									
1954	126	150	93	110	-	-	105	-	-
1955	127	142	91	111	89	108	120	2	3
From Windsor									
1954	142	169	109	129	104	-	124	5	-
1955	154	170	108	130	106	127	142	2	3

Note:

o Normal, All Rail, effective at close of navigation.

1954--Effective April 12, 1954 to November 30, 1954 Inclusive.
1955--Effective April 15, 1955 to expire with November 30, 1955, unless sooner cancelled, changed or extended.

/ Effective May 2, 1955 to expire with November 30, 1955, unless sooner cancelled, changed or extended.

8 1954--Effective from April 27, 1954 to November 20, 1954.
1955--Effective from May 20, 1955 to November 26, 1955 unless sooner cancelled, changed or extended.

The Maritimes Transportation Commission
May 30, 1955.

B. 100

STATEMENT NO.7
Page 1

STATEMENT COMPARING L.C.L. (MINIMUM, 5,000 LBS.) AND C.L. (MINIMUM, 10,000 LBS.) FREIGHT RATES ON AUTOMOBILES, PASSENGER AND FREIGHT, SET UP FROM CENTRAL CANADIAN ORIGINS TO CORNER BROOK, NFLD.

(Rates in cents per 100 lbs.)

A. Automobiles, Passenger or Freight, Set Up.

L.C.L. (Minimum Weight 5,000 Lbs.)

FROM:		TO: CORNER BROOK, NEWFOUNDLAND		
		Normal All Rail ¢	All Water #	Differential
Toronto, Ont.	1954	306	271	35
	1955	345	310	35
Hamilton, Ont.	1954	314	279	35
	1955	354	319	35
Windsor, Ont.	1954	354	319	35
	1955	426	391	35

B. Automobiles, Passenger, Set Up.

C.L. (Minimum Weight 10,000 Lbs.)

	Normal All Rail ¢	Competitive All Rail & Rail/Water ≠	All Water #	Differential
From Toronto, Ont.				
1954	306	-	271	35
1955	345	311	276	35
From Hamilton, Ont.				
1954	314	-	279	35
1955	354	319	284	35
From Windsor, Ont.				
1954	354	-	319	35
1955	426	383	348	35

For explanation of reference marks see Page 2.

C. Automobiles, Freight, Set Up.

C.L. (Minimum 10,000 Lbs.)

	Normal All Rail ♀	Competitive All Rail & Rail/Water ≠	All Water #	Differential
From Toronto, Ont.				
1954	266	-	231	35
1955	293	276	241	35
From Hamilton, Ont.				
1954	274	-	239	35
1955	301	283	248	35
From Windsor, Ont.				
1954	314	-	279	35
1955	362	341	306	35

NOTE:

♀ Less than carloads -- Applicable year round. Carloads--Applicable on close of navigation season.

≠ All Rail--Effective April 4, 1955. Applicable on year round basis.
Rail and Water--Effective April 18, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

\# All Water--Effective May 20,1955, to expire with November 26, 1955, unless sooner cancelled, changed or extended.

The Maritimes Transportation Commission
May 30, 1955.

B. 100

STATEMENT NO. 8

STATEMENT COMPARING CARLOAD AND LESS THAN CARLOAD FREIGHT RATES ON IRON AND STEEL ARTICLES FROM CENTRAL CANADIAN ORIGINS TO CORNER BROOK, NFLD.

(Rates in cents per 100 lbs.)

TO CORNER BROOK, NEWFOUNDLAND

	Normal All Rail	Competitive All Rail & Rail and Water	All Water	Differential (Summer)
	♀	#	#	
A. C A R L O A D S				
36,000-40,000 lbs. minimum weight				
From Toronto Ont.				
1954) 1955)	129	89	85	4
From Hamilton, Ont.				
1954) 1955)	135	95	91	4
From Welland, Ont.				
1954) 1955)	135	111	107	4
From Windsor, Ont.				
1954) 1955)	152	112	108	4
B. LESS THAN CARLOADS				
From Toronto, Ont.				
1954	193	139	132	7
1955	190	147	141	6
From Hamilton, Ont.				
1954	198	144	137	7
1955	195	152	146	6
From Welland, Ont.				
1954	199	145	138	7
1955	205	157	151	6
From Windsor, Ont.				
1954	225	171	164	7
1955	234	179	173	6

B. 100

STATEMENT NO. 8
Continued

NOTE: ◦ Normal, All Rail--Applicable on close of navigation.

\# Applicable during season of open navigation.

The Maritimes Transportation Commission
May 30, 1955.

B. 100

STATEMENT NO. 9
Page 1 of 3 Pages

P A R T O N E

VESSELS OF BRITISH REGISTRY (OTHER THAN CANADIAN) EMPLOYED AS OF JUNE 16, 1955 BY STEAMSHIP OPERATORS CONDUCTING REGULAR CARRIER SERVICES IN THE COASTAL AND INTER-COASTAL TRADE AS INDICATED

A. Between Great Lakes-St. Lawrence River Ports and St. John's, Newfoundland

Newfoundland-Great Lakes Steamships Limited

M/V "LUNAN" ✱
M/V "DUNDEE"
M/V "PERTH"

✱ M/V "STE.ADDRESSE" substituted for M/V "LUNAN" one trip only

B. Between Great Lakes-St. Lawrence River Ports and St. John's and Corner Brook, Newfoundland

Constantine Canadian Services

M/V "AVONWOOD"
M/V "TEESWOOD"

C. Between St. Lawrence River Ports and Newfoundland

Clarke Steamship Co. Limited

S S "SHELDRAKE"

D. Between Montreal, P.Q. and Labrador-Newfoundland Ports

Chimo Shipping Ltd.,

M/V "TEAL"
M/V "ARDGLEN"

E. Canadian Coastal Trade Principally (including Newfoundland)

Allied Steamships Limited

(On Charter Basis)

Vessel Name

"RADNOR"
"LAPLAND"
"DUNDRENNAN" (Evidently on Trip Charter - see DOSCO statement)
"MARANDELLAS" (Evidently on Trip Charter - see DOSCO statement)
"CORNWOOD" (Evidently on Trip Charter - see DOSCO statement)

F. Between Halifax, N.S. and St. John's Nfld. as Ports of Call in Connection with Boston, Mass. - Liverpool, England, Service

Furness, Withy & Co., Limited

S S "NEWFOUNDLAND"
S S "NOVA SCOTIA"

G. Between Halifax, N.S., Saint John, N.B. and St. John's Nfld, Corner Brook, Newfoundland (in connection with service also to and from New York, N.Y.)

Furness, Withy & Co., Limited

S S "FORT AVALON"

H. Between Halifax, N.S. and St.John's, Newfoundland (in connection with service also to and from New York, N.Y.)

Furness, Withy & Co., Limited

S S "FORT HAMILTON"

I. Canadian Inter-coastal and Coastal from Specified St. Lawrence River Ports and Halifax, N.S. to Specified British Columbia Coast Ports

Sun Ship Services

S S "SUNVALLEY"

J. Canadian Inter-coastal and Coastal from Vancouver, B.C. to Specified Atlantic and St. Lawrence River Ports

Sun Ship Services

S S "SUNJARV"

P A R T T W O

REGULAR STEAMSHIP SERVICES IN THE COASTAL (SEE NOTE BELOW) TRADE AS INDICATED FURNISHED BY OPERATORS USING VESSELS OF CANADIAN REGISTRY

A. Between St. Lawrence River Ports and Atlantic Ports (Newfoundland)

Clarke Steamship Co. Limited,

S S "GULFPORT"
S S "NOVAPORT"

Allied Steamships Limited

S S "GANDER BAY"

B. Between Halifax, N.S. and St. John's, Newfoundland

Newfoundland Canada Steamships Limited

M/S "BELLE ISLE II"
M/S "BEDFORD II"

C. Between Newfound and Other Canadian Coastal Ports

Blue Peter Steamships Limited

Vessel Name

"BLUE PETER II"
"BLUE CLOUD"
"BLUE PRINCE"

D. Between Montreal, P.Q. and Labrador-Newfoundland Ports

Chimo Shipping Ltd.

M/V "ESKIMO"

E. Between Pictou, N.S., Charlottetown, P.E.I. and Magdalen Islands, P.Q.

Clarke Steamship Co. Limited

S S "MAGDALEN"

NOTE: Does not include vessels owned or chartered by Clarke Steamship Co. Limited in the River and Gulf of St. Lawrence Trade, save as indicated.

Maritimes Transportation Commission,
June 25, 1955

C. Between Newfound and Other Canadian Coastal Ports

Blue Peter Steamships Limited

Vessel Name

"BLUE PETER II"
"BLUE CLOUD"
"BLUE PRINCE"

D. Between Montreal, P.Q. and Labrador-Newfoundland Ports

Chimo Shipping Ltd.

M/V "ESKIMO"

E. Between Pictou, N.S., Charlottetown, P.E.I. and Magdalen Islands, P.Q.

Clarke Steamship Co. Limited

S S "MAGDALEN"

NOTE: Does not include vessels owned or chartered by Clarke Steamship Co. Limited in the River and Gulf of St. Lawrence Trade, save as indicated.

Maritimes Transportation Commission,
June 25, 1955

B. 100

STATEMENT NO. 10

A STATEMENT OF CARGOES TO AND FROM GREAT LAKES-ST. LAWRENCE PORTS AND SAINT JOHN, N.B. AND HALIFAX, N.S. FROM 1932 to 1936 INCLUSIVE.

(Tons - 2,000 lbs.)

SAINT JOHN, N.B.

	INWARDS	OUTWARDS
1936	12,734	20,003
1935	20,920	25,173
1934	15,945	23,388
1933	11,379	21,758
1932	10,228	26,867

HALIFAX, N.S.

	INWARDS (x)	OUTWARDS (x)
1936	62,830	126,548
1935	65,424	140,586
1934	60,545	152,891
1933	85,677	93,970
1932	60,269	130,773

(x) It is to be noted that a large part of this tonnage consists of oil and gasoline.

Maritimes Transportation Commission,
June 28, 1955.

B. 100

STATEMENT NO. 11

WESTBOUND AND EASTBOUND CARGO MOVEMENTS ON THE INTER-PROVINCIAL STEAMSHIP LINES BETWEEN POINTS ON THE GREAT LAKES-ST.LAWRENCE WATERWAYS AND MARITIME PORTS FOR YEARS 1933 TO 1935 INCLUSIVE

WESTBOUND

	TONS
1933	38,400
1934	38,800
1935	37,300

EASTBOUND (x)

	TONS
1933	31,000
1934	40,000
1935	30,000

(x) Subject to correction.

Maritimes Transportation Commission,
June 28, 1955

B. 100

STATEMENT NO. 12

A COMPARISON BETWEEN RAIL AND WATER RATES ON VARIOUS COMMODITIES BETWEEN MARITIME PORTS AND MONTREAL, P.Q., 1937

Rates in cents per 100 lbs.

COMMODITY	MILES WATER	MILES RAIL	RAIL CARLOT	WATER ANY QUANTITY
CANNED GOODS From Montreal, P.Q. to Halifax, N.S.	895	773	(1) 40	(x) 30
	(x) Quoted by Steamship Lines Aug. 7, 1937.			
FLOUR From Montreal, P.Q. To Halifax, N.S.	895	773	(2) 19	ø 15 per bag
	ø Quoted by some Steamship Lines 1937 quantity lots.			
SUGAR From Halifax, N.S. To Montreal, P.Q.	895	773	(3) 22	# 16
	# As quoted by lines in 1936			

Tariff References:

(1) As on Oct. 1, 1937. C.N.Rys. Tariff C.M. 267-1, C.R.C. 2568. Rate to expire with Nov.30,1937. (On Dec. 1,1937 rate was increased to 52½¢, C.L.M. 24,000 lbs. unless otherwise provided.)

(2) As on Oct. 1, 1937. C.N.Rys. Tariff C.G. 180, C.R.C. 2155

(3) As on Oct. 1, 1937. C.N.Rys. Tariff C.M. 271-1, C.R.C. E-2560. (On December 1, 1937 rates were increased to 44 cents per 100 lbs., C.L.M. 24,000 lbs. unless otherwise provided.)

Maritimes Transportation Commission,
June 28, 1955

B. 100

STATEMENT NO. 13

STATEMENT SHOWING NAUTICAL AND STATUTE MILES BETWEEN ILLUSTRATIVE CENTRAL CANADIAN PORTS AND ATLANTIC PROVINCES PORTS AS SPECIFIED TOGETHER WITH CORRESPONDING SHORT LINE RAIL (STATUTE) MILES

	ALL WATER Nautical Miles	ALL WATER Statute Miles	ALL RAIL (Statute) Miles
Between Toronto, Ont. AND			
Montreal	284	338	335
Quebec	423	503	502
St. John's	1327 via Cabot St.	1578 via Cabot St.	1897
Corner Brook	1034	1229	1492
Sydney	996 via Cabot St.	1184 via Cabot St.	1258
Halifax	1239 via Cabot St.	1473 via Cabot St.	1104
	1179 via Canso Gut	1402 via Canso Gut	1104
Charlottetown	992	1179	1041
Saint John	1493 via Cabot St.	1775 via Cabot St.	810
Between Montreal, P.Q. AND			
Quebec	139	165	171
St. John's	1043 via Cabot St.	1240 via Cabot St.	1566
Corner Brook	750	892	1061
Sydney	712 via Cabot St.	847 via Cabot St.	927
Halifax	955 via Cabot St.	1135 via Cabot St.	773
	895 via Canso Gut	1064 via Canso Gut	773
Charlottetown	708	842	710
Saint John	1209 via Cabot St.	1438 via Cabot St.	488
Between Quebec, P.Q. AND			
St. John's	904 via Cabot St.	1075 via Cabot St.	1428
Corner Brook	611	726	1023
Sydney	573 via Cabot St.	681 via Cabot St.	788
Halifax	816 via Cabot St.	970 via Cabot St.	635
	756 via Canso Gut	899 via Canso Gut	635
Charlottetown	569	677	572
Saint John	1070 via Cabot St.	1272 via Cabot St.	467
Between St. John's, Nfld. AND			
Sydney	282	335	671
Halifax	525	624	929
Between Sydney, N.S. AND			
Halifax	243	289	289
Saint John	492	585	432
Between Halifax, N.S. AND			
Corner Brook	425	505	524
Charlottetown	268 via Canso Gut	319 via Canso Gut	238
Saint John	278	331	278

B. 100

STATEMENT No. 13
Continued

NOTE: Conversion nautical miles to statute miles as used in this statement:

Nautical Mile equals 6,080.20 ft. equals Ratio 1.189
Statute Mile equals 5,280 ft.

Sources: Table of Distances between Ports 1943, U.S. Navy Dept., Hydrographic Office, Washington, D.C. and Canadian National Railways Tariff No. D. 25-1, C.T.C. No. E. 4034.

The Maritimes Transportation Commission
June 27, 1955.

B. 100

STATEMENT NO. 14

VESSEL CARGOES LOADED FOR INTER-PROVINCIAL TRADE AT PORTS IN THE FOUR ATLANTIC PROVINCES WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDED DECEMBER 31,1953

	LOADED AT:			
DESTINED TO:	Newfoundland	P. E. I.	N. S.	N. B.
	Tons	Tons	Tons	Tons
Nfld.	326,869	6,764	818,279	15,893
P. E. I.	6	605	60,724	1,582
N. S.	1,240,393	1,864	326,629	57,926
N. B.	4,468	18	331,870	51,768
P.Q.	78,567	24,595	1,822,566	89,249
Ont.	31,294	--	--	3,000
Man.	--	--	--	--
B.C., Yukon & N.W.T.	--	--	6,200	--
TOTALS	1,681,597	33,846	3,366,268	219,418

GRAND TOTAL: 5,301,129

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 10, 1955.

STATEMENT NO. 15

VESSEL CARGOES UNLOADED FROM INTER-PROVINCIAL TRADE AT PORTS IN THE FOUR ATLANTIC PROVINCES WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDED DECEMBER 31, 1953

	UNLOADED IN:			
ORIGINATING AT:	NEWFOUNDLAND	P. E. I.	N. S.	N. B.
	Tons	Tons	Tons	Tons
Nfld.	326,869	6	1,240,393	4,468
P. E. I.	6,764	605	1,864	18
N. S.	818,279	60,724	326,629	331,870
N. B.	15,893	1,582	57,926	51,768
P. Q.	113,038	5,348	152,618	182,317
Ont.	34,374	--	5,200	--
Man.	--	--	--	--
B.C., Yukon & N.W.T.	--	--	1,260	3,407
TOTALS	1,315,217	68,265	1,785,890	573,848

GRAND TOTAL 3,743,220 tons

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 10, 1955

STATEMENT OF CARGOES LOADED AND UNLOADED IN INTER-PROVINCIAL TRADE AS SPECIFIED FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953

BY PROVINCES

LOADED			UNLOADED		
TO	FROM NOVA SCOTIA		FROM	TO NOVA SCOTIA	
	31/12/52	31/12/53		31/12/52	31/12/53
Newfoundland	848,636	818,279	Newfoundland	1,063,275	1,240,393
P.E.I.	46,340	60,724	P.E.I.	1,513	1,864
N.S.	287,150	326,629	N.S.	287,150	326,629
N.B.	347,529	331,870	N.B.	60,344	57,926
Quebec	1,637,377	1,822,566	Quebec	157,959	152,618
Ontario	-	-	Ontario	7,000	5,200
B.C., Yukon, and N.W.T.	3,523	6,200	B.C., Yukon, and N.W.T.	-	1,260
TOTAL:	3,170,555	3,366,268	TOTAL:	1,577,241	1,785,890

Based on Dominion Bureau of Statistics Returns.

The Maritimes Transportation Commission
June 9, 1955

STATEMENT NO. 17

STATEMENT OF CARGOES LOADED AND UNLOADED IN COASTWISE SERVICE BY CANADIAN PORTS AT WHICH THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953

BY PORTS

	LOADED Tons (2000 lbs.)		UNLOADED Tons (2000 lbs.)	
Nova Scotia Port:	31/12/52	31/12/53	31/12/52	31/12/53
Abbott's Harbour	100	-	50	199
Amherst	115	6,015	272	80
Arichat	186	1,673	2,166	2,737
Baddeck	-	26,326	-	-
Barrington Passage	30	-	159	14
Bridgewater	2,089	223	3,847	3,035
Canso	4,032	2,823	4,503	4,006
Chester	492	280	-	-
Clarke's Harbour	397	596	1,097	154
Digby	39,042	36,434	48,567	46,091
Dingwall	166,759	152,715	4,185	3,875
Freeport	2,379	1,795	2,710	2,373
Glace Bay	315	271	593	431
Halifax	1,117,487	998,380	336,634	307,368
Isaac's Harbour	501	-	3	-
La Have	35	50	-	388
Liverpool	390	94	49,793	100,105
Lockeport	80	130	75	-
Louisburg	70,607	7,367	589	157
Lunenburg	17	150	666	1,666
Meteghan River	638	119	-	1
New Glasgow	240	142	9,449	7,977
North Sydney	324,238	486,673	19,459	23,476
Parrsboro	1,645	1,830	12,770	12,424
Pictou	15,667	15,055	3,912	7,905
Port Hawkesbury	1,203	35	1,430	719
Riverport	125	-	1,033	2,618
St. Peter's	12	27	23	26
Sheet Harbour	-	13,967	-	-
Shelburne	17	76	1,484	1,407
Sydney	1,579,054	1,640,399	1,063,286	1,251,949
Tiverton	8	20	-	-
Tusket Island	1	-	19	-
Weymouth	31	469	-	25
Windsor	-	-	3,425	665
Yarmouth	3,615	2,902	5,042	4,019
TOTAL:	3,331,547	3,397,036	1,577,241	1,785,890

Based on Dominion Bureau of Statistics Returns.

The Maritimes Transportation Commission
June 9, 1955.



STATEMENT OF CARGOES LOADED AND UNLOADED IN INTER-PROVINCIAL TRADE AS SPECIFIED FOR THE YEARS ENDING DEC. 31, 1952 AND DEC.31, 1953

BY PROVINCES

	LOADED			UNLOADED	
TO	FROM NEW BRUNSWICK		FROM	TO NEW BRUNSWICK	
	31/12/52	31/12/53		31/12/52	31/12/53
Newfoundland	116,054	15,893	Newfoundland	1,091	4,468
P.E.I.	-	1,582	P.E.I.	-	18
N.S.	60,334	57,926	N.S.	347,529	331,870
N.B.	67,203	51,768	N.B.	67,203	51,768
Quebec	58,828	89,249	Quebec	117,053	182,317
Ontario	700	3,000	Ontario	-	-
B.C.,Yukon and N.W.T.	-	-	B.C.,Yukon and N.W.T.	179	3,407
TOTAL:	203,129	219,418	TOTAL:	533,055	573,848

Based on Dominion Bureau of Statistics Returns

The Maritimes Transportation Commission
June 9, 1955.

Statement No. 19

STATEMENT OF CARGOES LOADED AND UNLOADED IN COASTWISE SERVICE BY CANADIAN PORTS AT WHICH THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953.

BY PORTS

	LOADED Tons (2000 lbs)		UNLOADED Tons (2000 lbs.)	
New Brunswick Port	31/12/52	31/12/53	31/12/52	31/12/53
Bathurst	284,022	25,704	8,891	2,110
Black's Harbour	12,445	7,994	7,911	6,829
Buctouche	-	2,700	-	-
Campbellton	2,375	210	13,183	13,705
Campobello	10	8	3	2
Caraquet	174	8,742	3,653	1,600
Chatham	3,533	3,642	65,168	118,480
Dalhousie	30,517	1,081	12,377	35,472
Fairhaven	-	1	-	1
Lord's Cove	146	-	55	-
Moncton	2,614	2,326	23,559	27,185
Newcastle	2,400	5,370	6,295	4,420
North Head	4,517	4,038	11,995	11,480
Richibucto	-	8,700	-	-
Sackville	-	-	2,485	-
St. Andrews	11,676	8,768	10,617	7,513
Saint John	109,828	110,704	358,875	339,910
St. Stephen	1,217	704	7,491	4,497
Wilson's Beach	1,112	773	497	644
TOTAL:	466,586	191,465	533,055	573,848

Based on Dominion Bureau of Statistics Returns.

The Maritimes Transportation Commission
June 9, 1955

Statement No. 20

STATEMENT OF CARGOES LOADED AND UNLOADED IN INTER-PROVINCIAL TRADE AS SPECIFIED FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953.

BY PROVINCES

	LOADED			UNLOADED	
TO	FROM PRINCE EDWARD ISLAND		FROM	TO PRINCE EDWARD ISLAND	
	31/12/52	31/12/53		31/12/52	31/12/53.
Newfoundland	5,173	6,764	Newfoundland	391	6
P.E.I.	1	605	P.E.I.	1	605
N.S.	1,513	1,864	N.S.	46,340	60,724
N.B.	-	18	N.B.	-	1,582
Quebec	17,935	24,595	Quebec	400	5,348
Ontario	-	-	Ontario	-	-
B.C., Yukon and N.W.T.	-	-	B.C.,Yukon and N.W.T.	-	-
TOTAL	24,662	33,846	TOTAL	47,132	68,265

Based on Dominion Bureau of Statistics Returns

The Maritimes Transportation Commission
June 9, 1955.

Statement No. 21

STATEMENT OF CARGOES LOADED AND UNLOADED IN COASTWISE SERVICE BY CANADIAN PORTS AT WHICH THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953.

BY PORTS

	LOADED Tons (2000 lbs.)		UNLOADED Tons (2000 lbs.)	
Prince Edward Island Port:	31/12/52	31/12/53	31/12/52	31/12/53.
Charlottetown	8,724	17,705	31,276	53,880
Georgetown	-	3,600	-	-
Montague	6,693	11,684	1,408	1,117
Summerside	120	982	14,448	13,268
TOTAL	15,537	33,971	47,132	68,265

Based on Dominion Bureau of Statistics Returns.

The Maritimes Transportation Commission
June 9, 1955.

Statement No. 22

STATEMENT OF CARGOES LOADED AND UNLOADED IN INTER-PROVINCIAL TRADE AS SPECIFIED FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953.

BY PROVINCES

	LOADED			UNLOADED	
TO	FROM NEWFOUNDLAND		FROM	TO NEWFOUNDLAND	
	31/12/52	31/12/53		31/12/52	31/12/53
Newfoundland	322,374	326,869	Newfoundland	322,374	326,869
P.E.I.	391	6	P.E.I.	5,173	6,764
N.S.	1,063,275	1,240,393	N.S.	848,636	818,279
N.B.	1,091	4,468	N.B.	16,054	15,893
Quebec	63,552	78,567	Quebec	134,032	113,038
Ontario	4,801	31,294	Ontario	5,757	34,374
B.C.,Yukon and N.W.T.	75	-	B.C.,Yukon and N.W.T.	-	-
TOTAL:	1,455,559	1,681,597	TOTAL:	1,332,026	1,315,217

Based on Dominion Bureau of Statistics Returns.

The Maritimes Transportation Commission
May 30, 1955.

Statement No. 23.

STATEMENT OF CARGOES LOADED AND UNLOADED IN COASTWISE SERVICE BY CANADIAN PORTS AT WHICH THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEARS ENDING DEC. 31, 1952 AND DEC. 31, 1953.

BY PORTS

Newfoundland Port	LOADED Tons (2000 lbs) 31/12/52	LOADED Tons (2000 lbs) 31/12/53	UNLOADED Tons (2000 lbs.) 31/12/52	UNLOADED Tons (2000 lbs.) 31/12/53
Argentia ø	16,925	8,189	28,929	17,110
Bay Roberts	4,327	3,872	25,772	16,416
Bell Island	587,057	839,446	38,050	25,394
Botwood	123	2,864	89,272	72,497
Burin	5,683	7,696	16,961	24,489
Burgeo	2,279	1,146	5,622	5,411
Carbonear	2,903	2,669	11,852	14,977
Clarenville	2,471	3,322	4,597	5,316
Corner Brook	28,653	52,575	315,932	322,736
Catalina	7,480	9,278	11,531	10,974
Fortune	2,938	2,221	7,174	6,003
Goose Bay	2,150	7,147	39,310	40,447
Grand Bank	4,868	3,632	11,837	11,087
Harbour Breton	1,863	1,069	3,807	5,022
Harbour Buffett	2,396	3,762	3,986	6,291
Harbour Grace	466	940	4,058	4,125
Lewisporte	7,606	6,919	80,025	73,293
Port aux Basques #	22,828	23,588	147,406	161,791
St. Anthony	3,786	6,490	14,080	13,915
St. John's ⊙	86,334	68,882	457,155	465,992
St. Lawrence	59,411	67,478	12,617	11,964
TOTAL:	853,121	1,123,185	1,332,026	1,315,217

ø Includes railway traffic handled via Argentia, Newfoundland.
Includes railway traffic handled via North Sydney, N.S.
⊙ Includes railway traffic handled via Halifax, N.S.

Based on Dominion Bureau of Statistics returns.

The Maritimes Transportation Commission,
May 30, 1955.

Statement No. 24.

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES LOADED AT NOVA SCOTIA PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS & EXCISE FOR THE YEAR ENDING DECEMBER 31, 1953.

COMMODITY	TONS (2,000 lbs.)
Coal, Bituminous	1,908,724
Fish, fresh, frozen, cured	4,646
Gasoline	118,450
Petroleum Oils and Other Petroleum Products	772,728
Lumber, Timber, Box, Crate, Cooperage Material	3,570
Logs, Posts, Poles, Pitprops, Piling	435
Other Forest Products	221
Woodpulp, Pulp Screenings	11,967
Pulpwood, Pulpwood Chips	8,327
Salt	1,646
Gypsum	176,452
Iron & Steel (Bar, Sheet, Structural, Pipe)	8,259
Rails & Fastenings	44,638
Other Iron & Steel Products (Manufactured)	2,631
TOTAL	3,062,694
All Other	334,342
GRAND TOTAL	3,397,036

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission
June 15, 1955.

STATEMENT NO. 25

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES UNLOADED AT NOVA SCOTIA PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDING DECEMBER 31, 1953.

COMMODITY	TONS (2,000 lbs.)
Coal, Bituminous	132,247
Fish, fresh, frozen, cured	33,205
Gasoline	159,972
Petroleum Oils and Other Petroleum Products	72,312
Lumber, Timber, Box, Crate, Cooperage Material	11,555
Woodpulp, Pulp Screenings	388
Pulpwood, Pulpwood Chips	71,640
Salt	136
Cement	24,941
Limestone	353,619
Iron Ore	828,646
Other Mine Products	2,795
TOTAL	1,691,456
All Others	94,434
GRAND TOTAL	1,785,890

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955.

STATEMENT No.26

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES LOADED AT NEW BRUNSWICK PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS & EXCISE FOR THE YEAR ENDING DECEMBER 31, 1953.

COMMODITY	TONS (2,000 lbs.)
Pulpwood, Pulpwood Chips	46,587
Lumber, Timber, Box, Crate, Cooperage Material	1,843
Logs, Posts, Poles, Pitprops, Piling	1,983
Other Manufactured Wood Products	3,433
Paper, other	1,909
Paperboard, Pulpboard & Wallboard	41
Canned Goods, All Canned Food Products	5,372
Fish, fresh, frozen, cured	1,578
Other Iron & Steel Products (Manufactured)	3,450
Gasoline	8,420
Petroleum Oils and Other Petroleum Products	28,775
Fertilizers, all kinds	2,191
TOTAL	105,582
All Others	85,883
GRAND TOTAL	191,465

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955

STATEMENT NO. 27

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES UNLOADED AT NEW BRUNSWICK PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS & EXCISE FOR THE YEAR ENDING DECEMBER 31,1953.

COMMODITY	TONS (2,000 lbs.)
Pulpwood, Pulpwood Chips	15
Lumber, Timber, Box, Crate, Cooperage Material	8,099
Logs, Posts, Poles, Pitprops, Piling	320
Other Manufactured Wood Products	188
Paper, other	3,528
Woodpulp, Pulp Screenings	30,044
Other Forest Products	6
Newsprint Paper	1,716
Canned Goods, All Canned Food Products	6,313
Fish, fresh, frozen, cured	3,043
Other Iron & Steel Products (Manufactured)	3,409
Gasoline	175,518
Petroleum Oils and Other Petroleum Products	84,566
Salt	1,923
TOTAL	318,688
All Others	219,160
GRAND TOTAL	537,848

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955.

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES LOADED AND UNLOADED AT PRINCE EDWARD ISLAND PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDING DECEMBER 31, 1953.

L O A D E D

COMMODITY	TONS (2,000 lbs.)
Potatoes	1,376
Other Vegetables, fresh	1,945
Other Agricultural Products	1,888
Fish, fresh, frozen, cured	2,378
Gasoline	500
Petroleum Oils and Other Petroleum Products	7,500
Pulpwood	13,190
TOTAL	28,777
All Others	5,194
GRAND TOTAL	33,971

U N L O A D E D

COMMODITY	TONS (2,000 lbs.)
Flour, Grain	500
Coal, Bituminous	2,698
Salt	580
Gasoline	13,894
Petroleum Oils and Other Petroleum Products	46,636
TOTAL	64,308
All Others	3,957
GRAND TOTAL	68,265

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955.

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES LOADED AT NEWFOUNDLAND PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDING DECEMBER 31,1953

COMMODITY	TONS (2,000 lbs.)
Lumber, Timber, Box, Crate, Cooperage Material	2,989
Logs, Posts, Poles, Pitprops, Piling	66
Fish Oils	2,478
Fish, fresh, frozen, cured	22,388
Gasoline	1,229
Petroleum Oils and Other Petroleum Products	11,323
Iron Ore	602,565
Other Metallic Ores & Concentrates	236,396
Other Mine Products	64,900
Newsprint Paper	3,019
Paper, other	518
Paperboard, Pulpboard, Wallboard	3,694
Gypsum	5,742
Cement	28,654
Lime & Plaster	365
TOTAL	986,326
All Others	136,859
GRAND TOTAL	1,123,185

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955

STATEMENT NO.30.

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES UNLOADED AT NEWFOUNDLAND PORTS WHERE THERE IS A COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDING DECEMBER 31,1953

COMMODITY	TONS (2,000 lbs.)
Lumber, Timber, Box, Crate, Cooperage Material	21,919
Logs, Posts, Poles, Pitprops, Piling	1,769
Fish Oils	330
Fish, fresh, frozen, cured	11,576
Gasoline	35,415
Petroleum Oils and Other Petroleum Products	365,646
Paper, other	3,235
Coal, Bituminous	165,060
Flour, Grain	4,978
Pulpwood, Pulpwood Chips	232,300
Salt	2,247
TOTAL	844,475
All Others	470,742
GRAND TOTAL	1,315,217

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission,
June 15, 1955

STATEMENT NO. 31

NUMBER OF ARRIVALS OF VESSELS OF UNITED KINGDOM REGISTRY AT CANADIAN PORTS WITH CARGO FROM OTHER CANADIAN PORTS, BY PROVINCES, 1953

	Number
At Newfoundland Ports from Newfoundland Ports	6
At Newfoundland Ports from Nova Scotia Ports	70
At Newfoundland Ports from New Brunswick Ports	24
At Newfoundland Ports from Quebec Ports	44
At Newfoundland Ports from Ontario Ports	53
At Nova Scotia Ports from Nova Scotia Ports	21
At Nova Scotia Ports from Newfoundland Ports	36
At New Brunswick Ports from Newfoundland Ports	2
At New Brunswick Ports from British Columbia Ports	1
At Quebec Ports from Nova Scotia Ports	215
At Quebec Ports from Newfoundland Ports	18
At Ontario Ports from Newfoundland Ports	58
	548
At Quebec Ports from Quebec Ports	42
At Quebec Ports from British Columbia Ports	1
At Ontario Ports from Ontario Ports	19
At British Columbia Ports from British Columbia Ports	1
At British Columbia Ports from Quebec Ports	3
Total	614

Note: Excludes vessels arriving in Ballast

Authority for information- Dominion Bureau of Statistics.

Maritimes Transportation Commission,
June 10, 1955

STATEMENT NO.32

NUMBER OF DEPARTURES OF VESSELS OF UNITED KINGDOM REGISTRY FROM CANADIAN PORTS WITH CARGO FOR OTHER CANADIAN PORTS, BY PROVINCES, 1953.

	Number
From Newfoundland Ports to Newfoundland Ports	15
From Newfoundland Ports to Nova Scotia Ports	55
From Newfoundland Ports to New Brunswick Ports	2
From Newfoundland Ports to Quebec Ports	25
From Newfoundland Ports to Ontario Ports	35
From Nova Scotia Ports to Nova Scotia Ports	20
From Nova Scotia Ports to Newfoundland Ports	78
From Nova Scotia Ports to Quebec Ports	248
From Nova Scotia Ports to British Columbia Ports	3
From New Brunswick Ports to New Brunswick Ports	1
From New Brunswick Ports to Newfoundland Ports	15
From Quebec Ports to Newfoundland Ports	41
From Ontario Ports to Newfoundland Ports	105
From British Columbia Ports to New Brunswick Ports	1
	644
From Quebec Ports to Quebec Ports	52
From Quebec Ports to British Columbia Ports	7
From Ontario Ports to Ontario Ports	22
From Ontario Ports to Quebec Ports	1
From British Columbia Ports to British Columbia Ports	2
From British Columbia Ports to Quebec Ports	1
	729

Note: Excludes vessels departing in Ballast
Authority for information- Dominion Bureau of Statistics

Maritimes Transportation Commission,
June 10, 1955

STATEMENT NO. 33

NUMBER OF ARRIVALS OF VESSELS OF BRITISH WEST INDIES REGISTRY AT CANADIAN PORTS WITH CARGO FROM OTHER CANADIAN PORTS, BY PROVINCES, 1953

	Number
At Newfoundland Ports from Newfoundland Ports	2
At New Brunswick Ports from Newfoundland Ports	2
At Newfoundland Ports from New Brunswick Ports	6
At Newfoundland Ports from Nova Scotia Ports	1
At Nova Scotia Ports from Newfoundland Ports	1
At Newfoundland Ports from Quebec Ports	1
At Quebec Ports from Nova Scotia Ports	3
At Nova Scotia Ports from Quebec Ports	1
At Nova Scotia Ports from Nova Scotia Ports	1
At Quebec Ports from New Brunswick Ports	1
	19
At Ontario Ports from Ontario Ports	2
Total	21

Note: Excludes vessels arriving in Ballast

Authority for information-Dominion Bureau of Statistics.

Maritimes Transportation Commission,
June 10, 1955

STATEMENT NO. 34

NUMBER OF DEPARTURES OF VESSELS OF BRITISH WEST INDIES REGISTRY FROM CANADIAN PORTS WITH CARGO FOR OTHER CANADIAN PORTS, BY PROVINCES, 1953

	Number
From Newfoundland Ports to Newfoundland Ports	2
From Newfoundland Ports to Nova Scotia Ports	2
From Newfoundland Ports to New Brunswick Ports	1
From Prince Edward Island Ports to Prince Edward Island Ports	1
From Prince Edward Island Ports to Newfoundland Ports	1
From Nova Scotia Ports to Newfoundland Ports	1
From Nova Scotia Ports to New Brunswick Ports	1
From New Brunswick Ports to Newfoundland Ports	4
From New Brunswick Ports to Quebec Ports	2
From Nova Scotia Ports to Quebec Ports	3
From Quebec Ports to Nova Scotia Ports	1
	19
From Ontario Ports to Ontario Ports	1
Total	20

Note: Excludes vessels departing in Ballast

Authority for Information- Dominion Bureau of Statistics.

Maritime Transportation Commission,
June 10, 1955

STATEMENT NO. 35

DOMINION STEEL AND COAL CORPORATION,
LIMITED
SYDNEY, NOVA SCOTIA

C O A L - T I M E C H A R T E R S

as on May 30,1955

1953		1954	
U.K.	Canadian	U.K.	Canadian
Cibou	Arthur Cross	Cape Breton	Arthur Cross
Cape Breton	Louisburg	Cibou	Wabana
Cornwood	Wabana	Loradore	Louisburg
Marandellas		Mapledore	Gander Bay
Mapledore		Rushwood	
Camellia		Gardenia	
Coulbreck		Struan	
Wallsend		Marandellas	
Rushwood		Wallsend	
Loradore		Dundrennan (ex Coulbreck)	
Anguebrae			
Zinnia		Cornwood	
Pendeen		Brettenham	
Denhale			
Gardenia			
Angus Lake			

Trip Charters

Ernest G.Pathy	Irvingwood	Wychwood (5)	Wellandoc
Mont Alta(3)	R.A. McInnis	Eastide	Fort Levis
Irene K.	Gander Bay (9)	Runswick	Brigus
Mont Clair(3)	Fort Levis	Lapland	
Gryfevale	Wellandoc	Glaisdale	
Wychwood		Mont Alta (2)	
Berylstone			

Net Tons to-	St.Lawrence..1,586,942	Net Tons to	
	Halifax,N.S. 113,978	St.Lawrence..1,882,362	
	Newfoundland. 120,614	Halifax,N.S.. 86,292	
		Newfoundland. 108,410	

.....

S T E E L

1953				1954	
Seven Islands	Vancouver	Nfld.	Nfld.	Vancouver	
Wychwood (6)	U.K..Sunrell	Can. Brigus (Can)	Random Can.	Sunmont Can.	
Easton (2)	Can. Sunmont	" Lila Boutilier		Sunjarv Can.	
Gander Bay(4)	" Sunkirk	" (2) Can.		Sunkirk Can.	
Highland	U.K. Sunjewel	"		Llantrisant U.K.	
Marandellas	U.K Gryfevale	U.K.			

Total N/T 48,637	Total N/T 6402	Total N/T 2313	Total N/T 1950	Total N/T 5675

Number Sailings to:-

St.Lawrence		Halifax		Newfoundland	
U.K.	Can.	U.K.	Can.	U.K.	Can.
1953.204	26	21	7	8	29
1954.229	48	6	10	1	31

The Maritimes Transportation Commission,
June 1, 1955

CANADIAN FLAG VESSELS OF 1,000 GROSS TONS AND OVER ENGAGED IN THE COASTING TRADE AS OF DECEMBER 31, 1954

ATLANTIC COAST	Tonnage Gross	Tonnage Deadw't	Draft (Feet)	Speed (Knots)	Fuel	Built Year	Built Country
DRY CARGO VESSELS							
Anticosti Shipping Company 1615 Sun Life Building, Montreal, P.Q.							
FLEURUS	1,103	650	-	-	diesel	1926	France
Canada Steamship Lines Limited, 759 Victoria Square, Montreal, Quebec							
RICHELIEU	5,528	500	-	-	bkr oil	1912/23	USA/Can.
ST. LAWRENCE	6,328	500	-	-	bkr oil	1927	Canada
TADOUSSAC	7,013	500	-	-	bkr oil	1928	Canada
Canadian National Railways 360 McGill Street, Montreal, Quebec							
BACCALIEU	1,421	1,000	18.8	10.0	bkr oil	1940	U.K.
BAR HAVEN	1,138	850	16.5	10.0	bkr oil	1948	U.K.
BRIGUS	2,875	4,200	20.9	9.0	coal	1943	Canada g
CABOT STRAIT	2,045	1,200	18.5	12.0	bkr oil	1947	U.K.
KYLE	1,055	900	17.8	10.0	coal	1913	U.K.

	Tonnage Gross	Tonnage Deadw't	Draft (Feet)	Speed (Knots)	Fuel	Built Year	Built Country
ATLANTIC COAST							
DRY CARGO VESSELS							
NORTHERN RANGER	1,365	1,100	18.9	10.0	bkr oil	1936	U.K.
RANDOM	1,792	2,975	17.8	9.0	bkr oil	1921	Germany
SPRINGDALE	1,138	850	16.5	10.0	bkr oil	1948	U.K.
BURGEO	1,421	1,000	18.8	10.0	bkr oil	1940	U.K.
Canadian Pacific Railway Company, Windsor Station, Montreal, Quebec.							
PRINCESS HELENE	4,055	1,500	16.0	17.0	bkr oil	1930	U.K.
Chebucto Steamships Limited 50 Sackville Street, Halifax, N.S.							
BEDFORD 11	1,104	785	15.5	11.0	diesel	1943/47	Canada
BELLE ISLE 11	1,529	1,394	16.6	12.0	diesel	1944/47	UK/Can.
Clarke Steamship Company Limited, 612 Cathcart Street Montreal, Quebec.							
NORTH COASTER	1,387	1,650	16.5	10.5	bkr oil	1946	Canada
NORTH PIONEER	1,473	1,560	16.5	10.5	bkr oil	1945	Canada
NORTH SHORE	1,205	368	15.1	13.0	bkr oil	1943	Canada

ATLANTIC COAST	Tonnage Gross	Deadw't	Draft (Feet)	Speed (Knots)	Fuel	Built Year	Country
DRY CARGO VESSELS							
Dominion Shipping Company Limited, Sydney, Nova Scotia							
ARTHUR CROSS	7,188	10,130	27.0	10.0	coal	1944	Canada ns
LOUISBURG	7,183	10,130	27.0	10.0	coal	1943	Canada ns
WABANA	7,179	10,130	27.0	10.0	coal	1943	Canada ns
Iron Ore Transport Company Limited, 810 Cote de Liesse Road, Montreal, Quebec.							
EASTON	1,756	2,650	16.1	10.4	coal	1912	U.K.
Kent Line Limited, P.O. Box 1298 Saint John, N.B.							
IRVINGWOOD	2,353	3,380	16.6	11.0	diesel	1952	Canada
REXTON KENT	1,088	716	15.5	12.0	diesel	1943/47	UK/Can.
Lakeshore Lines Limited, 755 1st Avenue Lachine, Quebec.							
ISLAND KING 11	1,256	350	11.0	12.0	coal	1911	Canada
St. Charles Transportation Company Limited, 10 Boulevard des Capucins, Quebec City, Quebec							

ATLANTIC COAST	Tonnage Gross	Tonnage Deadw't	Draft (Feet)	Speed (Knots)	Fuel	Built Year	Built Country
DRY CARGO VESSELS							
FRANK J. HUMPHREY	3,643	3,900	15.0	10.5	diesel	1943	U.S.A.
GUY BARTHOLOMEW	3,636	3,900	15.0	10.5	diesel	1943	U.S.A.
ROBERT McMICHAEL	3,633	3,900	15.0	10.5	diesel	1943	U.S.A.
R.A. McINNIS	3,645	3,900	15.0	10.5	diesel	1944	U.S.A.
Terra Nova Steamship Company Limited, 400 Craig Street West, Montreal, Quebec							
NOVAPORT	2,828	3,475	19.9	10.0	bkr.oil	1944	Germany
Ferry Service, Northumberland Strait							
The Minister of Transport Ottawa, Ontario (Operated by Canadian National Railways)							
ABEGWEIT	6,694					1947	Canada
PRINCE EDWARD ISLAND	2,795					1915	U.K.
TANKERS							
Canadian Oil Companies Limited, Terminal Warehouse Building, Toronto, Ontario.							
JOHN IRWIN	2,404	3,600	18.4	10.3	diesel	1944	Canada

TANKERS	Tonnage Gross	Tonnage Deadw't	Draft (Feet)	Speed (Knots)	Fuel	Built Year	Built Country
Imperial Oil Limited, 56 Church Street, Toronto, Ontario.							
IMPERIAL HALIFAX	3,734	5,168	22.9	12.2	diesel	1946	U.K.
IMPERIAL SARNIA	4,947	6,750	21.4	12.0	bkr oil	1948	Canada
IMPERIAL WELLAND	2,104	2,745	16.6	8.5	bkr oil	1916	Canada
Irving Steamships Limited, 71 Dock Street, Saint John, N.B.							
SEEKONK	1,136	1,400	13.1	-	diesel	1944	U.S.A.
Gayport Shipping Limited 26 Front Street East, Toronto, Ontario.							
BRITAMLUBE	1,932	2,829	16.5	7.8	bkr oil	1932	U.K.
Kent Line Limited, P.O. Box 1298 Saint John, N.B.							
IRVINGLAKE	2,338	3,580	18.4	10.0	diesel	1943	Canada
Lunham & Moore Shipping Ltd., Suite 600, 455 Craig Street West, Montreal, Quebec.							
MARUBA	2,367	3,400	17.7	9.0	diesel	1942	Canada

Abstract of information received from Canadian Maritime Commission covering registrations up to December 31,1954
The Maritimes Transportation Commission, June 1, 1955.

EASTERN COASTAL SERVICES BETWEEN CANADIAN PORTS (INCLUDING FERRY) FOR WHICH FEDERAL SUBVENTIONS ARE PAID WITH THE SUBVENTION ESTIMATES FOR THE YEARS 1955-56 AND 1954-55.

	Estimates Amount 1955-56	1954-55
	$	$
Baddeck and Iona, N.S., service between	14,500	14,500
Cross Point, P.Q., and Campbellton N.S. service between	50,000	60,000
Dalhousie, N.B., and Miguasha, P.Q. service between	19,000	19,000
Grand Manan and Mainland, N.B., service between	95,000	95,000
Halifax, Canso and Guysboro, N.S., service between	23,000	23,000
Halifax, Torbay, Ile Madame and Ports on West Coast of Cape Breton Island, N.S., service between	17,000	17,000
Ile aux Coudres and Les Eboulements, P.Q., service between	15,000	15,000
Ile aux Grues and Montmagny, P.Q., service between	2,500	2,500
Mulgrave and Arichat, N.S., service between	31,000	31,000
Mulgrave and Canso, N.S., service between	82,000	82,000
Mulgrave, Guysboro and Queensport, N.S., service between	22,000	22,000
Murray Bay and North Shore of the St. Lawrence, P.Q., winter service between	50,000	50,000
Owen Sound and Ports on Manitoulin Island and Georgian Bay, Ontario, service between.	100,000	100,000
Pelee Island and the Mainland, Ontario, service between	35,000	35,000
Pictou, Mulgrave and Cheticamp, N.S., service between	13,500	13,500
Pictou, N.S., Charlottetown, P.E.I. and the Magdalen Islands, P.Q. service between	120,000	120,000
Prescott, Ontario and Ogdensburg, N.Y., service between	15,000	15,000
Prince Edward Island and Nova Scotia service between	158,000	158,000
Quebec, Natashquan and Harrington, P.Q., service between	520,000	520,000
Quebec or Montreal, Gaspe, P.Q., and Magdalen Islands, calling at way ports, service between	156,500	156,500
Rimouski, Matane and Points on the North Shore of the St. Lawrence, P.Q., service between	125,500	125,500
Riviere du Loup and St. Simeon and/or Tadoussac, P.Q., service between	21,000	21,000
Saint John, N.B., Tiverton, Freeport, Westport and Yarmouth, N.S., service between	33,000	33,000
Sydney, N.S. and Bay St. Lawrence, Cape Breton Island, calling at way ports, service between	45,000	40,000
Newfoundland Coastal Steamship Services	2,000,000	2,000,000

Abstracted from "Estimates for the Fiscal Year Ending March 31, 1956".
The Maritimes Transportation Commission, June 27, 1955

CANADA

SUBMISSIONS TO THE ROYAL COMMISSION ON COASTING TRADE

—1955—

MEMOIRES SOUMIS A LA COMMISSION ROYALE SUR LE CABOTAGE

Volume IV

INDEX OF BRIEFS

B-101 Canadian Catholic Confederation of Labour, Montreal, and National Metal Trades Federation

B-102 Ferguson Industries Limited, Pictou, N.S.

B-103 British Columbia Member Shipyards of the Canadian Shipbuilding and Ship Repairing Association, Victoria, B.C.

B-104 Fisheries Council of Canada.

B-105 Project Sales Ltd., Montreal.

B-106 Algoma Steel Corporation, Limited, Sault Ste.Marie.

B-107 National Council of Shipyard Unions (CCL), Halifax.

B-108 Iron Ore Company of Canada, Montreal.

B-109 Iron Ore Transport Company Limited, Montreal.

B-110 Corporation of the City of Three Rivers, Three Rivers.

(The briefs are numbered in the order they were received.)

F O R E W O R D

"WE ARE NOT GOING TO REPEAT PAST MISTAKES"

Ten years ago, the late Ian A. Mackenzie, the then Minister of Veterans' Affairs, wrote this letter to the shipyards of Vancouver.

In this letter the Minister of Veterans' Affairs, acting on behalf of the Canadian Government, thanks the shipyard workers for their "contribution to winning the war".

The letter briefly reviews the quality and extent of Canada's then extensive shipbuilding and repairing industry.

It goes on to state the policy of the government to put Canada "in the shipbuilding business for good" and to carry, in these ships, "Canada's trade to the ends of the world". "We are not going to repeat past mistakes", said Mr. Mackenzie.

Yet in the post-war years, we have seen Canada's war-built dry-cargo merchant ships dwindle away to less than a fifth of a million tons (29 ships) remaining on March 31st, 1954 under Canadian Registry. We have seen the volume of shipbuilding and ship repairing decline from a value of $376 million in 1943 to $96 million in 1953. And the number of Canadians employed in this country's shipbuilding and ship repairing industry has dropped from the 1943 high of 75,800 to 24,200 in 1954.

We believe Canada should be restored to her rightful stature as a leading shipbuilding nation as proposed by Ian Mackenzie in his letter.

The shipbuilding industry has been in a bad situation since 1948 and has stayed that way. Shipbuilding as suchhas practically disappeared and repairs and conventions have been practically static since 1951. Our naval program has not even sufficed to bring about any significant upswing, resulting in mass unemployment with its economic effects upon those who have made shipbuilding and shiprepairing a career.

There can be little doubt that a stable shipbuilding industry requires an expanded government shipbuilding program and which will give fair representation to all Canadian shipyards.

J.V. Clyne, first chairman of the Canadian Maritime Commission, was quoted in the Montreal Daily Star of July 27, 1948 as saying: "The growth of Canada's Merchant shipping fleet will keep pace with any expansion of Dominion trade with the nations of the world"... "The maritime Commission intends to guarantee steady development of Canada's fleet to meet competition from any nation."

P A R T I

THE HISTORY OF SHIPBUILDING IN CANADA

Based on "Brief for Shipbuilding" (The Canadian Shipbuilding and Ship Repairing Association 1944).

Shipbuilding and ship repairing in Canada, is not solely a wartime industry but one which is vital to Canada's economic and national life.

The building of ships is one of Canada's oldest industries. History records that the first vessels built in New France were two small crafts in the year 1606. In 1731, the French Minister of Marine, Monsieur de Maurepas, realizing the importance of establishing a shipbuilding industry in the North American colony, offered a premium for every merchant vessel built in the colony and sold in France or in the French West Indies. As a result of this encouragement, a shipyard was established on the banks of the St. Charles River, Quebec, and in 1732, ten merchant vessels were built during that year. The industry of shipbuilding in Canada might be credited as being a commercial enterprise from that date.

In 1759, Canadians of French and British origins embarked in the business of shipbuilding as a means of utilizing the enormous timber resources of the colony and the natural aptitude of the colonists for the fabrication of floating crafts.

Between 1800 and 1840, shipyards in Quebec and the Maritime provinces were well established in the building of ships of considerable size for the period. While some of the smallercrafts were retained by Canadian owners the majority of the larger ships were loaded with timber, were sent across to the United Kingdom to be sold. A ready market existed for the ships offered for sale were big cargo carriers well put together, reasonably priced and eminently suitable for many important trades. An analysis of the shipping register of Liverpool, England, for the year 1843, reveals that out of 805 vessels registered, those built in Quebec and the Maritime provinces represented 35% of the fleet.

Between the years 1850 and 1860, shipbuilding in Canada for British purchasers became one of the country's major industries and even shipyards on the Great Lakes constructed sailing vessels for ocean voyaging. While the business of constructing sailing ships for disposal of the United Kingdom was an important Canadian industrial enterprise for over 60 years, many Canadian companies devoted their attention to ship operation and trading ventures. Beginning in a modest way during the early years of the 19th century, shipowning expanded in importance with the passing of each decade and in the 1860's, Canada's ocean-going merchant marine had begun to pick up an important percentage of the world's trade. In the eighties, the first evidence of decline appeared. Great Britain had built a mighty fleet of iron and steel sailing ships against which the Canadians began to find it more and more difficult to compete in securing the better paying cargoes. The Dominion government of the period exhibited but the feeblest interest in what was happening. Canadian ship owners tried to stand the impending debacle by purchasing British built iron and steel sailing ships and when these failed to avert the catastrophe that was overtaking the

sail driven crafts, some owners purchased steel steamships from British yards and one firm in St. John continued to operate a fleet of steamers in tramping trades up and to World War I.

In 1908, an important firm of Nova Scotia built the steel three-masted schooner "James William". She was the only steel sailing vessel ever built in Canada. When the great Canadian merchant marine which existed in the eighties and nineties passed away, hundreds of native masters, mates and merchant seamen found their occupation gone. There were no jobs for them out of Canadian ports or on Canadian ships. Many of the older men retired to shore occupations but hundreds went onto British and American ships and in them, continued their careers making their homes abroad and contributed significant share to the advancement of the merchant marine to which they had been forced by the circumstances to play a part. The tragedy which had overtaken them had its counterpart in the shipbuilding yards of Quebec and the Maritimes. Tens of thousands of men, skilled in the shipbuilding trades found themselves without work. In the course of time, they were absorbed into other industries or were able to continue their chosen occupation in a minor way.

THE AGE OF STEAM PROPULSION

In the development of steam transport, Canada has marched with the pioneers. In 1809, John Molson, at Montreal, built the small paddle-driven steamer "Accommodation". In 1816, Canadians introduced the first steamship to ply the Great Lakes. In 1831, the "Royal William" was built for service between Quebec and Nova Scotia. Samuel Cunard was one of the directors of the company, a few years later, he established the famous transatlantic line which bears his name. The early steamboats plying in Canadian waters imported their engines from England but in 1819, it is recorded that the Eagle Foundry, Montreal, built a marine steam engine. This was the first of its kind to be made in Canada.

With the introduction of iron hulls for ships around 1840, steamboat operators in Canada were quick to recognize the value of such hulls in waters where ice conditions prevailed. Two iron steamboats were built in Scotland, shipped across in sections and assembled at Montreal. This practice of having small iron vessels knocked down for shipment and assembled in Canada was carried on for many years. For while the country possessed shipyards capable of constructing wooden ships of the larger class, it was not until the sixties that any attempt was made to build sizeable steamships of iron in Canada. Apart from the construction of river steamers, ferry boats, small coasters, tugs and tenders, and the assembling of crafts built elsewhere, iron and steamship building in Canada made but little progress until 1887. In 1892, the first steel steamer was launched on Lake Ontario. At Levis, Que., the steam paddle ferry "Champion" was launched. At the close of the 19th century, the Dominion possessed four first class dry docks located at Halifax, Levis, Kingston and Esquimalt. In addition, there were a number of smaller dry docks, floating docks, marine ships and gridirons located in Collingwood, Quebec, Montreal, Sorel, Sydney,

Halifax, Pictou and elsewhere. As far back as 50 years ago, Canadian dry docks were equipped to take the largest ocean steamships of the period and repair them. With the opening of the 20th century, when the building of large wooden ships had ceased entirely, the St. Lawrence river developed the industry of building large steel steamers and of operating important fleets of commercial steam-driven vessels under the Canadian flag. In 1902, the first Canadian shipyard on the upper Lakes was established at Collingwood, Ontario, to build and repair steel steamships for trade in these waters. The existing dry dock was enlarged and it was capable of docking the larger steamships on the upper Lakes at that period. In the years between 1900 and 1914, Canadian ship builders particularly on the Great Lakes and the St. Lawrence river, increased their facilities for the docking, repair and construction of steamships. In 1912, a fully equipped steel shipbuilding hard and dry dock was established at Port Arthur. In Montreal, in 1912, Canadian Vickers Limited established a shipbuilding and repair yard with a floating dock. On the Pacific coast, a steel steamer was built and shipyards were engaged in building and repairing ships. At Prince Rupert, in 1913, a floating dock was constructed by the Canadian government. At St. John, N.B., a dry dock designed to accommodate the largest ships afloat was under construction and in Quebec, in 1914, another dry dock similar to that at St. John was being excavated. In the years prior to World War I, steel shipbuilding in Canada had developed considerably and domestic yards were turning out vessels of almost every type required in Canada's inland and coastal marine and for government service. None of the vessels built in Canada up to 1914 were for trans-ocean service. The Dominion's deep sea marine had vanished and all ships for the Canadian Atlantic and Pacific ocean fleet were constructed in the United Kingdom while domestic shipyards were enjoying some degree of support from Canadian ship owners for orders for vessels designed for home trade. A considerable number of such crafts were built in Great Britain. These new steamers coupled with the frequent purchase of second hand ships from the U.S. deprived the Canadian shipbuilders of a fuller expansion of his efforts besides introducing difficult competition which had to be faced.

BOOM DAYS OF THE FIRST WORLD WAR

When the First World War brought with it an imperative demand for ships to replace those destroyed by the enemy as well as for vessels required for war services, the shipyards and engine shops of Canada suddenly assumed a position of paramount importance. At this momentous period, Canadian shipbuilders prepared to fill the demands made upon them by the British, Canadian and allied governments. Shipyards were expanded and every man who could be employed in ship construction was recruited. New yards were established and the demand was for ocean-going cargo steamers and mine-sweeping trawlers and as quickly as possible, the plants were put in shape to build them. Before the conclusion of hostilities, the Dominion Government had decided to operate its own merchant marine and employed itself in developing Canadian trade with overseas countries. Canadian built ships registered in Canada and employing Canadian officers and

seamen were to show the flag once more upon the seven seas and in the ports of the world. In this work, all the established shipyards participated. Ocean going steamers of deep sea type were constructed for the Canadian government merchant marine upon the shores of the Great Lakes. On the Pacific Coast, ten or eleven steamers were built. On the Atlantic Coast, steamers were fabricated by several builders. The government fleet units carried the prefix "Canadian" in all their names, i.e. "Canadian Challenger", "Canadian Volunteer", etc. With but a few exceptions, all engines and boilers were made in Canada either in the machine shops of the yards that built the ships or otherwise, from an engineering plant in the Dominion. As fast as the ships were delivered, masters, deck and engineer officers and crews were recruited with first choice given to Canadian officers with the necessary certificate and experience. Had this shipping enterprise been undertaken about the year 1900 instead of 20 years later, the whole fleet could then have been manned by Canadian born masters and mates with deep sea certificate. But in 1920, the majority of the men who acquired the art of seamanship in the old time marine of the Dominion had retired, passed away or were serving under British or American flags. But some of the captains and officers still active resigned from the ships in which circumstances had compelled them to sail and joined in the service of the Canadian Government merchant marine, sailing deep water under the Canada ensign. To ensure a continuous supply of officer material, an apprenticeship system was inaugurated whereby Canadian youths could serve the required sea time in each ship thereby perfecting themselves for ultimate command. For many years following the conclusion of hostilities, Canada's merchant marine carried cargoes to and from all parts of the world at profitable rates and did a great deal to introduce the name of Canadian products to the markets overseas.

Then came the time when the ravages of war had been restored and European ship owners were bending every effort to recapture the trade they had lost. They built ships at low cost with emphasis on speed and economy of operations. These ships came into service competition with wartime types of ships. The Canadian Government could easily have combatted this competition but Parliament was reluctant to sell or scrap its wartime shipping and to replace it with vessels more suitable to the times. Private opposition to the government's operation of merchant ships was strong and well organized and the majority of the Canadian people knowing little or nothing about shipping were apathetic and made no protest when the dissolution of the merchant marine was proposed. The last stand was made in 1934 when the management of the government steamships urged their replacement by faster and more modern ships. But the opposition to state operations was intense and public interest in the matter was feeble and, as a consequence, the remaining steamers were disposed to private enterprise in 1936.

When the shipyards of Great Britain and Europe reorganized themselves for peacetime business around 1922, it was to make a strenuous bid for contracts wherever they could be secured and offer to construct ships of any type on the most favourable terms, and Canadian shipbuilders could not meet the low terms

quoted by British yards on vessels required by Canadian ship operators. A dozen Canadian shipyards well equipped and capable of building any class of steamships, employing Canadian trade, were forced under circumstances to stand idle and to view the procession of British and foreign built vessels streaming into the coastal services of the Dominion. In the fifteen years between 1922 and 1938, both inclusive, the majority of the vessels built were for Canadian steamships lines. During the depression period that followed the year 1930 and up to the commencement of the second world war in 1939, the Canadian shipyards built but fourteen steamers exceeding 130 feet in length. Three of these were government orders and the others were for lake and river trades. In an effort to maintain their equipment, cover overhead and keep a number of men employed, a number of the yards developed business in industrial fields but while the facilities and mechanical staffs of a shipyard can be partially diverted into other branches of engineering, its true vocation is that of building ships and without a sufficiency of contracts in that particular field, the engineers and steel workers were in danger of losing their facility in the art together with the familiarity necessary to the particular craftsmanship that must be performed in first class ship construction. While most Canadian shipyards were idle the majority of the workers which once thronged the place scattered all over the continent, and the second World War broke out upon the world. The shipyards of Canada and the United States were urged to gear themselves for the production of ocean going freighters, corvettes, minesweepers, destroyers, frigates, tankers, tugs and landing craft.

And then the war ended in victory but it is stated freely by others than those directly interested in Canada's shipbuilding industry that it rallied magnificently to the job of fulfilling the demands of war and that its contribution to the allied navies and merchant fleets helped in turning the scale towards victory.

Since the end of World War II, Canada's shipyards have built altogether over 300,000 tons of new shipping for export.

Canadian yards have built a fleet of vessels for "Flota Merchant Grancolombiana", a combination of Colombian, Equatorian, and Venezuelan interests. Since 1944, Canadian Vickers have built four vessels for a Brazilian government firm, five transport vessels for Britain, two vessels for the Netherlands, a Hopper Dredge registered in Curacao, and another dozen vessels for French, Grancolombiana and Venezuelan interests. The Quebec yards have built five colliers and seventeen cargo ships for the French Government, nine cargo vessels for China, four cargo passenger vessels for Portugal, and thirty-eight trawlers for France. A Lauzon yard recently launched one of the largest tankers afloat for an American oil firm. Canadian Vickers recently built the world's largest rail car ferry for the Florida-Havana trade, designed to answer peculiar tide conditions. At the Halifax yard, three transport ships for Argentina were delivered in 1950. The West Coast yards have built six colliers of over 5,000 tons and five colliers of over 3,500 tons, four light house tenders for France and converted two frigates to

Pilot Brigs for India. The Great Lakes Yards have built fifteen self-propelled hopper-barges and ten steel tugs for France. Added to these are twenty Rhine Barges built in Montreal.

Canadian shipyards have proved their ability to meet the requirements of peace as it did the requirements of war, and Canada's long and glorious record in the history of shipbuilding, shipowning and ship faring, has proved that it can build ships and build sailors. It is a nation of extensive seawashed coasts, it borders the greatest inland seas of the world, it boasts over three hundred ports, its coastal and overseas trade is enormous, and its diplomatic and commercial ties have made it one of the world's leading nations. In these pages, the story and the answer are presented reasonably and impartially and with the objective of inspiring Canadians to acquire again the ship mindedness and seafaring outlook of their forebears who built great ships and sailed them.

The steady decline of Canada's participation in the carriage of Canada's overseas trade is clearly emphasized in the seventh annual Report of the Canadian Maritime Commission June 1954 (see page 35 of this brief).

P A R T II

Economic Situation

TABLE A (x)

EMPLOYMENT IN THE CANADIAN SHIPBUILDING AND SHIP REPAIRING INDUSTRY - 1939 to 1954

YEAR	CANADA	MARITIMES (xx)	QUEBEC	ONTARIO	B.C.
1939	3,491	642	1,379	502	968
1940	9,707	not available	not available	not available	not avail-
1941	21,240	" "	" "	" "	able " "
1942	50,132	5,404	14,084	6,804	23,840
1943	75,847	10,285	24,716	9,578	31,268
1944	67,076	10,763	22,162	9,504	24,647
1945	48,118	7,946	15,496	5,549	19,127
1946	20,246	4,649	6,785	2,521	6,291
1947	21,119	3,979	9,321	2,463	5,356
1948	18,399	2,969	8,131	3,162	4,137
1949	12,562	2,906	4,461	2,591	2,604
1950	11,454	2,389	4,046	2,575	2,444
1951	14,836	3,059	5,131	3,162	3,484
1952	20,676	4,292	8,458	4,088	3,838
1953	22,571	4,651	10,719	3,796	3,405
1952 (xxx)	22,664	4,578	7,324	not available	5,444
1953 (xxx)	26,015	5,113	10,553	"	5,339
1954 (xxx)	24,190	5,164	9,200	"	5,420

(x) Source: Annual Reports, The Shipbuilding Industry, Dept. of Trade & Commerce, D.B.S., Ottawa.

(xx) Coverage varies greatly. Includes all Maritimes in some years, only Nova Scotia in others. Manitoba also included in some years.

(xxx) Source: Employment & Payrolls, Dominion Bureau of Statistics Monthly Reports. Derived from employment averages for first of each month.

TABLE A (x) (cont'd)

NOTE: The foregoing are the figures for all employees (Production and non-production workers) employed during the year. Average monthly employment of production workers is appreciably lower. (See next section).

TABLE AA

INDEX NUMBERS OF EMPLOYMENT (x)
SHIPBUILDING AND REPAIRING.
1939 - 1954

1949 equals 100

YEAR	CANADA	NOVA SCOTIA	QUEBEC	B. C.
1939	28.9			
1940	77.0			
1941	164.6			
1942	403.8			
1943	530.9			
1944	487.2			
1945	375.6			
1946	172.8			
1947	161.8	132.7	22.93	181.0
1948	143.5	100.7	193.3	143.0
1949	100.0	100.0	100.0	100.0
1950	91.5	88.3	89.1	88.3
1951	113.4	97.1	111.0	120.0
1952	150.8	137.2	159.0	144.4
1953	173.5	154.2	234.0	140.3
1954	161.2	155.9	203.7	143.2
Average First two months:				
1954	168.0	155.7	216.3	133.7
1955	133.7	151.4	148.4	132.6

(x) Source: Employment & Payrolls, Dominion Bureau of Statistics, Ottawa.

TABLES A & AA - OBSERVATIONS

These tables reveal a number of significant facts about the Canadian shipbuilding and repairing industry. These are, chiefly:

1- Canada showed marked ability in converting from the stagnant state of the Canadian shipbuilding industry prior to World War II. This conversion was possible because there existed in Canada a nucleus of skilled shipyard craftsmen whose training dated back many years earlier; and because of an efficient training programme which saw tens of thousands of Canadian workers taught new shipbuilding skills (which they still possess).

2- A post-war shipbuilding slump, due essentially to the failure of the government to initiate a long-range shipbuilding programme in conjunction with a strong and permanent Canadian Merchant Marine, developed in 1946 and persisted until 1952 when there was a minor improvement due primarily to a stepped-up naval defense programme.

3- Employment in the industry throughout Canada declined from its 1943 peak of 75,847 to a low of 11,454 in 1950. Thus employment in 1950 was only 15% of its wartime peak.

4- Employment in the industry in B.C. declined from its 1943 peak of 31,268 in 1943 to a low of 2,444 in 1950. Thus employment in 1950 was only 8% of its wartime peak. Corresponding figures for other provinces were 16% in Quebec, 22% in the Maritimes, and 27% in Ontario.

5- By 1953, Canadian employment in shipbuilding and repairing had risen to 22,571 or 30% of its wartime peak. In British Columbia it had risen to 3,405 or only 11% of its wartime peak. Other provinces had fared better with employment in the industry at 40% of its wartime peak in Ontario, 43% in the Maritimes and 43% in Quebec.

6- On the basis of monthly employment figures, it appears that 1954 saw a decrease of 7% in employment compared with 1953 in the Canadian shipbuilding industry. Employment in the industry decreased 15% in Quebec and remained about the same in the Maritimes and B.C. This suggests that the upswing in employment brought about by the naval building programme has come to an end.

Thus, two main conclusions are obvious:

A- With 50,000 less workers in the shipbuilding industry today than in 1943, not only is it apparent that Canada has already permanently lost a vast number of skilled shipyard workers, but that as well, an expanded shipyard industry might find itself hopelessly short of skilled workers in the future.

B- British Columbia workers have suffered most severely as a result of Canada's curtailed shipbuilding program. Thus in 1953 the number of B.C. shipyard

workers amounted to only 11% of the number employed in 1943. In Canada as a whole employment stood at 30% of the 1943 figure. Thus employment has been disproportionately curtailed in British Columbia, a situation for which there is, we submit, no valid reason.

The entire Canadian shipbuilding program should be stepped up and British Columbia should participate equally with the rest of Canada in such a program.

SUPPLEMENTARY MEMORANDUM TO TABLE A

Table A is based upon the annual employment figures of all workers in the shipbuilding and repairing industry. This includes supervisory and office as well as production workers. ALSO IT IS OBVIOUS THAT SHIPYARD WORKERS DO NOT ENJOY CONTINUITY OF EMPLOYMENT. That this is so is clearly indicated in the average monthly employment figures of the Canadian Maritime Commission. It will be noted that the figures cited below rum from approximately 15 to 50% below those previously shown in Table A.

AVERAGE MONTHLY EMPLOYMENT PRODUCTION WORKERS
CANADIAN SHIPBUILDING & REPAIRING INDUSTRY (x)

YEAR	CANADA	ATLANTIC COAST	ST. LAWRENCE	GREAT LAKES	PACIFIC COAST
1946	16,399	2,991	6,272	2,148	4,988
1947	17,135	2,657	8,874	1,485	4,119
1948	15,278	1,976	8,045	2,308	2,949
1949	9,831	1,937	4,230	2,168	1,496
1950	8,530	1,336	3,892	2,202	1,100
1951	12,033	1,913	5,237	2,803	2,080
1952	17,187	2,909	8,092	3,591	2,595
1953	19,630	3,511	10,490	3,082	2,547

(x) Source: Canadian Maritime Commission, 7th Annual Report, June 1954.

THE POST-WAR PERIOD:

The end of the war saw a steady decline in the volume of Canadian shipbuilding. By 1948 she had dropped from 3rd to 8th place, and by 1950, Canada had dropped to 11th place with respect to tonnage of merchant vessels launched. At that time tonnage launched per country was:

1 - United Kingdom	1,325,000	gross tons
2 - U.S.A.	437,000	" "
3 - Sweden	348,000	" "
4 - Japan	348,000	" "
5 - Netherlands	228,100	" "
6 - France	180,800	" "
7 - Germany	155,500	" "
8 - Denmark	125,500	" "
9 - Italy	107,500	" "
10 - Norway.	53,400	" "
11 - Canada	40,200	" "

Since 1950, Germany, Japan and Italy have gained an increasing proportion of world shipbuilding orders so that by 1953 we have the following:

1 - United Kingdom	1,317,000	gross tons
2 - Germany.	818,000	" "
3 - Japan.	557,000	" "
4 - U.S.A.	528,000	" "
5 - Sweden	485,000	" "
6 - Netherlands.	341,000	" "
7 - Italy	263,000	" "
8 - France.	235,000	" "
9 - Denmark.	142,000	" "
10 - Norway.	118,000	" "
11 - Canada.	87,000	" "

TABLES RELEVANT TO HISTORY CANADIAN SHIPBUILDING & REPAIRING

In this section we present certain statistical data applicable to world shipbuilding generally and to Canadian Shipbuilding specifically. Each table is supplemented with observations on the significance thereof.

TABLE B

MERCHANT VESSELS - TONNAGE LAUNCHED

(000 gross registered tons)

YEAR	CANADA	ITALY	NETHER-LANDS	DEN-MARK	NORWAY	UNITED KINGDOM	U.S.A.	JAPAN	GERMANY	SWEDEN	FRANCE	WORLD
1931	8.1	165.0	120.3	126.0	18.2	502	206	84	104	113	103.4	1617
1932	3.2	47.4	26.2	22.4	11.1	188	144	54	81	43	89.4	727
1933	1.1	16.6	35.9	34.0	9.7	133	11	74	42	61	34.1	489
1934	1.1	26.6	46.9	61.7	18.9	460	25	152	74	50	16.0	967
1935	2.3	22.7	57.1	122.0	25.7	499	33	146	226	106	42.8	1302
1936	2.1	11.3	93.8	97.5	33.2	856	112	295	380	154	39.2	2118
1937	4.5	21.9	183.5	131.4	42.0	921	239	451	436	161	26.5	2691
1938	10.6	93.5	239.8	158.4	54.7	1030	201	442	481	166	47.3	3034
1939	3.5	119.8	189.8	158.6	46.9	630	422	324	300	210	44.4	2539
1940	4.1	62.0	36.6	18.4	10.1	843	579	---	---	154	21.8	1754
1941	51.8	---	---	---	---	1186	1035	---	---	164	---	2491
1942	707.2	---	---	---	---	1271	5671	---	---	142	---	7815
1943	996.0	---	---	---	---	1137	11580	---	---	146	---	13885
1944	674.2	---	---	---	---	919	9339	---	---	157	---	11170
1945	116.8	9.5	---	22.5	6.0	894	5968	---	---	113	---	7193
1946	71.9	61.7	33.3	39.1	34.4	1121	501	---	---	147	23.2	2115
1947	104.0	62.2	87.8	60.7	36.9	1193	165	---	---	223	91.9	2103
1948	102.3	111.6	142.5	99.4	47.0	1176	126	---	---	246	138.3	2310
1949	69.7	99.2	169.3	86.1	59.2	1267	633	148	---	323	154.9	3132
1950	40.2	107.5	228.1	125.5	53.4	1325	437	348	155	348	180.8	3493
1951	55.1	112.3	216.9	115.4	94.4	1341	166	434	318	404	222.6	3643
1952	67.7	132.0	295.9	103.6	80.4	1303	468	608	520	454	212.7	4396
1953	87.2	262.5	341.3	142.1	118.5	1317	528	557	818	485	235.2	5096

Source: LLoyd's Register of Shipping.

OBSERVATIONS ON TABLE B

TABLE B SHOWS:

1 - That in 1933, the lowest point of the depression of the 1930's, Canadian shipyards launched only 1,100 gross tons of merchant vessels, or less than ¼ of 1% of world production of 480,000 tons. Canadian tonnage launched is the lowest of all shipbuilding countries.

2 - By 1939, although Canada launched 3,500 tons, this amounted to only 1/7 of 1% of total world production of 2,539,000 tons. Canadian tonnage launched still stands lowest.

3 - By 1943, Canada has jumped to third place in tonnage launched with 996,000 tons or approximately 7% of world tonnage launched.

4 - By 1953, Canada's tonnage launched has again dropped being 87,200 tons, or approximately 1¾% of world tonnage launched.

5 - Canadian tonnage launched has declined far more proportionately than that of other major shipbuilding countries. Thus, tonnage launched in Canada in 1953 is only 9% of 1943, whereas in the U.K. it is 116% of 1943, and in Sweden 332% of 1943.

6 - Since 1946, it will be noted, Canadian merchant tonnage launched has increased very slightly, whereas most other countries have increased considerably. Thus:

SINCE 1946 -

Canadian	tonnage launched		up	approximately	1/5
World	"	"	up	"	2 2/5 times
Italy	"	"	up	"	4 ¼ "
Holland	"	"	up	"	10 ¼ "
Denmark	"	"	up	"	3 ½ "
Norway	"	"	up	"	3 ½ "
Un.Kingdom	"	"	up	"	1/5
Sweden	"	"	up	"	3 ¼ "
France	"	"	up	"	10 "
U.S.A.	"	"	up	fractionally	

It will be obvious, then, that in face of a world expansion in shipbuilding since 1946, Canadian shipbuilding is declining to a point where the industry is in danger of being virtually wiped out.

TABLE C

ORDERS FOR MERCHANT VESSELS OF 1000 GROSS TONS AND OVER IN EXISTENCE IN EACH MAJOR SHIPBUILDING CENTRE IN THE WORLD - OCTOBER, 1952-53

1952				1953			
COUNTRY	NO.	GROSS TONS	% OF TOTAL	COUNTRY	NO.	GROSS TONS	% OF TOTAL
Great Britain	701	6,248,896	39.5	Great Britain	587	5,546,182	40.4
Germany	248	1,841,008	11.6	Sweden	152	1,466,202	10.7
Sweden	185	1,695,255	10.7	Germany	176	1,438,686	10.5
United States	96	1,314,780	8.3	Holland	138	1,121,026	8.2
Holland	134	1,085,941	6.9	United States	57	823,645	6.0
France	92	852,216	5.4	France	69	772,029	5.5
Japan	62	667,110	4.2	Japan	55	578,640	4.2
Norway	84	645,260	4.1	Norway	73	575,316	4.2
Italy-Trieste	45	466,658	3.0	Italy-Trieste	38	418,680	3.1
Denmark	58	384,850	2.4	Belgium	28	309,448	2.2
Belgium	26	248,881	1.6	Denmark	44	268,400	1.9
Spain	33	167,520	1.0	Spain	31	156,986	1.1
Canada	9	113,000	0.7	Canada	13	121,200	0.9
Australia	16	77,508	0.5	Australia	15	66,588	0.5
Ireland	2	2,300	0.1	India	9	45,400	0.3
				Hong King	4	11,800	0.1
Totals	1791	15,808,703	100%	Turkey	1	3,800	0.1
				Ireland	2	2,300	0.1
				Totals	1492	13,726,336	100%

Source: Marine Engineering, February, 1954.

OBSERVATIONS ON TABLE C

Table C shows the following:

1 - Of the 15 shipbuilding countries listed as of October 1952, Canada with 0.7% of merchant vessels orders on hand ranked 13th. A year later with 0.9% of world orders on hand she ranked 13th out of 18 countries listed that year.

Table C, and the observations thereon, serve to confirm our concluding remarks re Table B. Canada is the only shipbuilding country in the world whose shipbuilding industry is being allowed to disintegrate.

TABLE D

VALUE OF SHIPS DELIVERED AND OF REPAIRS AND CONVERSIONS CARRIED OUT IN CANADIAN SHIPYARDS, 1946-1953

SHIPBUILDING AREA	1946 $	1947 $	1948 $	1949 $	1950 $	1951 $	1952 $	1953 $
Pacific Coast:								
Shipbuilding	6,047,898	3,976,066	21,127,252	5,114,021	1,502,800	601,001	3,021,670	287,835
Repairs and conversions	8,744,194	9,892,870	7,983,945	5,520,142	3,653,624	6,603,553	7,217,901	7,335,846
	14,792,092	13,868,936	29,111,197	10,634,163	5,156,424	7,204,554	10,239,571	7,623,681
Great Lakes:								
Shipbuilding	6,724,000	102,000	8,953,700	5,210,996	7,024,000	8,256,600	31,075,024	3,502,850
Repairs and conversions	2,211,810	2,652,655	2,883,436	4,310,629	3,086,631	4,636,319	4,679,525	5,926,099
	8,935,810	2,754,655	11,837,136	9,521,625	10,111,631	12,892,919	35,754,549	9,428,949
St. Lawrence:								
Shipbuilding	12,625,772	34,981,491	52,849,028	21,360,807	10,371,383	4,047,053	6,282,390	40,325,000
Repairs and conversions	5,977,913	5,514,997	4,791,317	2,970,850	5,388,538	7,345,077	14,717,394	21,254,741
	18,603,685	40,496,488	57,640,345	24,331,657	15,759,921	11,392,130	20,999,794	61,579,741
Atlantic Coast:								
Shipbuilding	4,569,550	5,424,207	4,325,289	55,000	7,381,970	-------	1,604,250	300,000
Repairs and conversions	7,176,211	9,529,479	6,990,299	5,230,875	5,001,402	5,750,231	11,147,247	16,570,462
	11,745,761	14,953,686	11,315,588	5,285,875	12,383,372	5,750,231	12,751,497	16,870,462
SUMMARY:								
Shipbuilding	29,967,210	44,483,764	87,255,269	31,740,824	26,281,153	12,904,654	41,982,334	44,415,685
Repairs and conversions	24,110,128	27,690,001	22,648,997	18,032,496	17,130,195	24,335,180	37,762,067	51,097,148
	54,077,338	72,173,765	109,904,266	49,773,320	43,411,348	37,239,834	79,744,401	95,512,833

Source: Seventh Annual Report of the Canadian Maritime Commission, June 24, 1954.

OBSERVATIONS ON TABLE D:

At first sight, it must appear that the Canadian industry did not do too badly in 1952 and 1953 as compared with the rest of the post-war period. However, closer examination of the figures - especially the regional figures - shows that violent fluctuations have taken place and the relatively high over-all figures serve only to conceal the underlying instability of the industry.

Looking at the figures for the Atlantic Coast, we find that the value of shipbuilding - as distinct from repairs and conversions - has to all intents and purposes disappeared.

The $16½ million volume of repairs and conversions in 1953 came overwhelmingly from the naval reconstruction programme:

> "Once again, as was the case last year, the value of ship repairs in the St. Lawrence and Atlantic Coast areas was greatly augmented by reason of the naval reconstruction programme undertaken late in 1951. This consisted in the refit and reconstruction of sixteen Bangor Class minesweepers and the refit and reconstruction of twenty River Class Frigates at an estimated cost of $67,000,000. As of December 31, 1953, work had been completed on the minesweepers and on two of the frigates". (Seventh Report, Canadian Maritime Commission.)

It should be clear that no stable shipbuilding industry can be built on the basis of naval construction alone. Furthermore, on the basis of the figures given, the programme must be drawing to a close. The fluctuations in total dollar volume on the Atlantic Coast are illuminating: In 1949 it fell by half, from $11.3 million to $5.3 million; the following year it doubles to $12.4 million only to fall again by half in 1954 and double again in 1952.

In the St. Lawrence yards, a similar pattern emerges. The total for the area - and thus for Canada as a whole - is greatly swelled by the delivery of four ships to South American customers by Canadian Vickers as well as by the naval programme referred to above. But there is no evidence that the 1953 experience will be repeated. The value of shipbuilding in the area has run from $4 to $40 millions in the last few years, the value of repairs and conversions from $3 to $21 millions. The list of vessels under construction as of March 31, 1954 reveals no export orders and Vickers, at that time, was building only two canal-size freighters and two ships on government account.

Looking at the figures for the Great Lakes area, we see what a return to "normally" can mean. In 1952, the all Canada figures were swelled by unusual deliveries of vessels on the Great Lakes. A year later, the Maritime Commission realizes that the 1952 situation was unusual.

"Compared with 1952, there was a falling-off of 48 per cent in the gross tonnage of ships delivered but it should be remembered that the year 1952 was exceptional; for example, no fewer than eight large vessels were delivered in the Great Lakes area alone. If a comparison is made with the two previous years it will be seen that the tonnage delivered last year was greater than in 1950 and considerably in excess of that delivered in 1951. The dollar value of vessels delivered during 1953 was nearly 6% higher than in 1952 and comprised a much higher proportion of naval and other government vessels. In 1952 such vessels accounted for approximately one-sixth of the value of ships delivered, whereas in 1953 this proportion rose to over one-half". (Seventh Report, Canadian Maritime Commission.

Thus, the 1952 total of $35.7 million for the Great Lakes area, which made the all Canada figure seem so rosy, fell to $9.4 million in 1953. In 1953, it was the unusual deliveries in the St. Lawrence area which made the picture look good.

On the Pacific Coast, the shipbuilding industry has been in a bad way since 1948 and has stayed that way. Shipbuilding as such, has all but disappeared and repairs and conversions have been static since 1951. Even the naval programme has not sufficed to produce any significant upswing.

All in all, the shipbuilding industry is undoubtedly as instable as ever. Although dollar volume in 1952 and 1953 was higher than 1946, price increases probably account for most of the increase. More important, of course, is the fact that 1946 activity was only a fraction of the war-time peak.

There can be little doubt that a stable shipbuilding industry required an expanded government subsidized shipbuilding programme that will give fair representation to all Canadian shipyards.

TABLE E

TOTAL DOLLAR VALUE OF SHIPBUILDING

IN PREPARATION OR UNDER CONSTRUCTION

AS OF MARCH 31, 1954(x)

Area	Naval Ships	Other Gov't. Ships	Merchant Ships	$Value
Pacific Coast	19	2	6	92,092,000
Great Lakes	4	-	6	38,121,300
St. Lawrence	16	4	4	160,584,050
Atlantic Coast	9	-	-	62,100,000
Total	48	6	16	352,897,350

It is clear that, apart from shipyards on the Great Lakes, the Canadian shipbuilding industry would have been in a very bad way in 1953 if it had not been for the Naval programme.

Source: Ibid.

REPLACEMENT REQUIREMENTS - CANADIAN-OWNED SHIPS

It is noteworthy that Canadian-owned ships, 25 years of age and over - and therefore outmoded, inefficient, and expensive to operate - thereby uncompetitive - are a far greater percentage of all Canadian owned ships than in most other countries.

The following table clearly illustrates this fact:

TABLE F

SHIPS OF 100 TONS AND OVER

% 25 YEARS OLD & OVER(x)

CANADA	44%
Great Britain	12%
U.S.A.	9%
Belgium	6%
Denmark	18%
France	12%
Germany	26%
Greece	22%
Italy	29%
Japan	10%
Holland	13%
Norway	10%
Panama	23%
Sweden	20%
World	18%

Thus Canadian-owned ships are in the unenviable position of having two and a half times as great a percentage of outdated ships as the world average. They have almost four times as many percentage-wise, 25 years old and over, as has Great Britain; five times as many as the United States and approximately four times as many outmoded ships as Japan, Holland or Norway.

The figures above refer to all Canadian-owned ships. But the fact is that a good deal of the Government-owned tonnage is obsolete.

A programme of shipbuilding by Canadian shipyards could go far to right this balance and restore the ability of Canadian-owned ships to compete for world trade.

(x) Source: Annual Report: Lloyd's Register of Shipping.

C O S T S (x)

While accurate cost data is impossible to obtain for the purpose of establishing trends, it is worthwhile noting that Canadian Merchant ships built during World War II were built at an average cost of $181 per deadweight ton, which compares favourably with a cost of $192 per ton for ships built 20 years earlier for the Canadian Government Merchant Marine.

In 1949, the Canadian Maritime Commission claimed that ships built in the United Kingdom cost 25% less than similar ships built in Canada. (They acknowledge, however, the existence of numerous variables).

It may be noted also that direct shipyard labour is estimated as at between 25% and 30% of selling price.

Also, according to the Canadian Shipbuilding and Ship Repairing Association, of every dollar spent on Canadian-built ships, sixty cents goes to other manufacturing businesses throughout Canada. (Newsletter no. 6, May 15, 1952).

Perhaps the best summary is that made by the Canadian Maritime Commission itself:

"Although there is some diversity of opinion about the exact difference between Canadian and foreign shipbuilding costs, there is no doubt that Canadian prices are higher than those of our principal European competitors, but generally somewhat lower than prices in the United States".

(x) Source: Annual Reports of Canadian Maritime Commission.

PROBLEM OF HIGHER COSTS MUST BE SOLVED BY SUBSIDIES NOT BY CUTTING ALREADY INADEQUATE WAGES

There can be little question that a shipbuilding industry and a Canadian Merchant Marine are:

a) Vital instruments of national policy;

b) Essential to the maintenance of an independent role in international trade;

c) Important elements in any defense policy.

These industries must therefore be fostered in spite of higher costs, as they are in almost every important trading nation in the world - by subsidies.

In a separate study, we have shown that subsidies, of one kind or another, are the methods used by other countries to ensure the maintenance of these vital industries.

In this section it is our purpose to show that Organized Labour in the shipbuilding industry is not demanding exorbitantly high wages as the price of maintaining the industry.

The fact is that wages in the industry are lower than those in comparable industries and furthermore they do not even allow the maintenance of a modest standard of living.

TABLE G

AVERAGE WEEKLY WAGES & SALARIES, Feb.1,1955(x)

	Canada	N.S.	QUEBEC	B.C.
Iron & Steel Products	68.50	61.68	65.01	74.91
Transportation Equipment	71.00	57.34	67.54	69.46
Aircraft & Parts	75.00		73.52	
Motor Vehicles	78.79			
Railroad & Rolling Stock Equipment	64.26		65.02	
Shipbuilding & Repairing	63.16	57.37	62.87	69.50

(x) Source: D.B.S. Employment & Payrolls.

TABLE H

AVERAGE HOURLY EARNINGS OF HOURLY-RATED WAGE EARNERS IN CANADA, FEBRUARY 1,1955(x)

Durable Goods	153.9
Iron & Steel Products	160.0
Transportation Equipment	164.6
Aircraft & Parts	172.0
Motor Vehicles	175.6
Railroad & Rolling Stock Equipment	159.0
Shipbuilding & Repairing	150.8

(x) Source: D.B.S., Man-Hours and Hourly Earnings.

When we look at similar figures for the United States, we find a very different situation. Earnings in the heavily subsidized shipbuilding and repairing industry are very much up with the leaders in comparable industries. In terms of hourly earnings, wage earners are right next to the top in the field of transportation equipment. In Canada they are at the bottom.

TABLE I

AVERAGE EARNINGS OF PRODUCTION WORKERS
OR NON-SUPERVISORY EMPLOYEES, U.S.A.
January 1955 (x)

	Weekly Earnings	Hourly Earnings
Durable goods.	$80.16	$1.96
Fabricated Metal Products. . . .	80.34	1.95
Machinery.	83.44	2.04
Transportation Equipment. . . .	91.98	2.19
Railroad Equipment.	87.38	2.19
Automobiles.	96.10	2.24
Aircraft & Parts.	88.60	2.14
Shipbuilding & Repairing. . .	85.46	2.18

(x) Source: Bureau of Labour Statistics
Employment and Earnings. March 1955.

WAGES IN CANADA SHIPYARDS ARE INADEQUATE

TO SUPPORT A MODEST STANDARD OF LIVING.

We attach a copy of study entitled "The Cost of Modest Living for a Year in **Windsor**, Ontario" priced as of January 31st. 1954 and published more than a year ago by the "Guardian", a United Automobile Workers' newspaper.

This study shows to sustain the cost of modest living, a worker requires 52 weeks' work at from $77 to $84 a week. Canadian shipyard workers come nowhere near reaching such earnings and such regularity of work. There can therefore be no basis to the charge that these workers seek special privileges in demanding support for the shipbuilding industry.

It may be urged that the budget referred to was priced in Windsor where prices and standards are not the same as in Halifax, Quebec, Sorel, Montreal or Vancouver. While there is merit in the argument, these factors would certainly not make up the difference between average earnings in Canada of $63 per week and needs of from $77 to $84 in Windsor.

COST ARE NOT SOLE CRITERION

In spite of, and in addition to these considerations, the evidence is that Canada can build ships economically and for export. In the post-war period, Canada has constructed a substantial amount of export tonnage.

Last year, the Lauzon yard launched one of the largest tankers afloat for an American oil firm. Vickers, in recent years, has built the world's largest rail car ferry for the Florida-Havana trade, designed to answer peculiar tide conditions as well as several ships for export to Colombia. At the Halifax yard, three transport ships for the Argentina were delivered in 1950. The West Coast yards have built six colliers over 5000 tons and five colliers over 3,500 tons, four lighthouse tenders for France and converted two frigates to Pilot Brigs for India. Lake yards have built 15 self-propelled hopper barges and ten steel tugs for France. Twenty Rhine barges were built in Montreal. In the period 1944-52, over 300,000 tons of new shipping were built in Canada for export.

These considerations suggest that in addition to price factors such as delivery date, ability to construct specialized tonnage, the availability of ways and material, etc. must be taken into consideration.

Even a modest shipbuilding subsidy of the order provided by most shipbuilding countries, could overcome the price differential and sustain a healthy industry.

WORKER EARNINGS
CANADIAN SHIPBUILDING INDUSTRY

In the two following tables we show the wage history of both adult male wage-earners (Mainly production workers) and all classes of shipyard employees during the period 1939 to 1953. These tables thoroughly refute the claim that B.C. shipyard workers have forced themselves out of the market by excessive wage increases.

TABLE J

ANNUAL AVERAGES OF WEEKLY WAGES & SALARIES
SHIPBUILDING & REPAIRING (x)
1939 - 1954

Year	Canada	N.S.	Quebec	B.C.
1939	$28.59			$28.09
1940	31.18			(
1941	31.86			(Not
1942	35.50			(
1943	38.73			(avail
1944	39.64			(
1945	39.49			(able.
1946	37.55			(
1947	41.83	$39.63	$43.14	$ 42.53
1948	44.02	42.41	44.16	46.79
1949	46.98	44.48	48.53	49.68
1950	48.23	44.99	49.96	50.89
1951	53.68	48.23	54.09	57.23

Year	Canada	N.S.	Quebec	B.C.
1952	59.64	55.97	57.40	66.56
1953	62.91	56.83	63.32	69.54
1954(Feb.1)	61.92	59.86	59.94	68.92
1955(Feb.1)	63.16	57.37	62.87	69.50

(x) Source: D.B.S., Ottawa, Employment & Payrolls.

OBSERVATIONS ON TABLE J

This table shows that annual averages of weekly wages and salaries of workers in the shipbuilding and repairing industry for B.C. and Canada have roughly paralleled one another since 1939, although during recent years British Columbia average weekly earnings have been somewhat higher than the Canadian average.

However, part of this differential will be due to the somewhat higher salaries received by non-production workers in B.C.

Furthermore, it should be noted that these wages are weekly averages. They do not reflect actual annual earnings, which because of the fact that only a negligible number of shipyard workers enjoy full-time employment, will be far lower than indicated by the weekly averages in this table.

TABLE K

AVERAGE WEEKLY EARNINGS
ADULT MALE WAGE-EARNERS(x)

Shipbuilding and All Industries - B.C.

1939 - 1952

YEAR	SHIPBUILDING	ALL B.C. INDUSTRIES
1939	$28.55	$26.80
1940	31.74	28.11
1941	35.27	30.67
1942	40.32	35.24
1943	40.08	37.19
1944	40.36	38.70
1945	39.96	38.50
1946	40.28	39.87
1947	47.10	43.49
1948	48.79	47.30
1949	53.37	49.21

YEAR	SHIPBUILDING	ALL B.C. INDUSTRIES
1950	52.68	51.88
1951	62.51	58.67
1952	66.03	61.78
Increase 1939-1952	$37.48 o4 131%	$34.98 or 130½%

OBSERVATIONS ON TABLE K

This table shows the trend in average weekly earnings of all adult male wage earners in British Columbia in both Shipbuilding and all Industries.

It is significant that the increase in average weekly earnings in the shipbuilding industry is exactly the same as that for all B.C. industries.

In other words, shipyard workers have not received any preferential wage treatment - yet much would have been justified in view of frequent short time worked by shipyard workers.

(x) Source: Reports, Department of Labor, B.C.
Weekly shipbuilding wage based on one week of peak employment.
ALL B.C. industries wage based on computed average weekly figures.

CANADIAN MARITIME COMMISSION REPLACEMENT PLAN (ESCROW)

In this section we present certain features of the Canadian Maritime Commission's Replacement Plan, which we consider of vital importance to the Canadian shipbuilding industry.

The two letters which follow will serve to introduce this topic.

COPY

CANADIAN MARITIME COMMISSION

File No. 1402.0

Ottawa,
May 25th,1953.

B. Marcuse, Esq.,
Director,
Trade Union Research Bureau,
339 West Pender St.,
Vancouver, 3, B.C.

Dear Mr. Marcuse:

I have your letter of May 21st in which you ask for some particulars of the Commission's replacement plan which was approved in 1948.

Broadly, the plan provides for permission being given to owners to sell abroad ships which were bought from the Government on condition that the proceeds of sale are placed in escrow and eventually used for the building or acquisition of new ships. Ships so acquired cannot be sold abroad without permission. Failure to use funds in escrow or to assign them to another company for immediate and approved building within a given period renders the owner liable to forfeit as damages a sum equal to the difference between the proceeds of the sale abroad and the original price paid to the Government for the ship. When the sale price realised is less than that originally paid to the Government for the ship the damages for non use of the escrow funds is $25,000.00.

Up to 31 March, 1953, 74 ships have been sold abroad under the plan resulting in the placing in escrow of $44,150,000.00. Of this sum $41,600,000.00 has been spent or allocated for spending in Canadian shipyards. Escrow funds have already been used to finance or assist in financing 26 ships which, as a result, cannot be sold abroad without permission. The majority of this new tonnage is for coastal and lake operation, though two 28,000 ton deadweight tankers now building in an Eastern Canadian yard are for deep-sea trading.

I trust that this is the information you are seeking and that you will not hesitate to inform me if you think I can be of further assistance to you.

Yours very truly,

"E.S. BRAND" (sgd)
Executive Director.

OFFICE OF THE MINISTER OF TRANSPORT

Ottawa, Canada,
May 25, 1953.

Mr. J.K. Bell,
Secretary-Treasurer,
Maritime Marine Workers' Federation,
60 Gerrish St.,
Halifax, N.S.

Dear Mr. Bell:

I have your letter of May 21st in which you ask me a number of questions concerning the sale of Canadian ships abroad.

On 31st March, 1953, there was $2,533,128.00 in escrow.

Between May, 1948, when the Replacement Plan was inaugurated and 31st March, 1953, 74 ex war-built ships have been sold abroad under the Plan, resulting in the placing in escrow of a total of $44,150,000.00. Of this sum, $41,600,000.00 has been expended or allocated for spending in Canadian shipyards, as a result of which 26 ships whose construction has been assisted by escrow

funds have become bound by covenant not to be sold off Canadian registry without permission.

The majority of this new tonnage is for coastal and lake operation, although two 28,000 ton deadweight tankers now building in Eastern Canada are for deep-sea operation.

At the end of the war, 270 dry-cargo ships and tankers of over 3,000 tons deadweight were owned by the Government; 44 of these were sold abroad by the Government shortly after the war ended and 226 were sold to Canadian owners. Of these 226, the 74 mentioned above have been sold under the Replacement Plan; 4 have been transferred to New Zealand registry; 57 which were loaned by the Government during the war to the United Kingdom were allowed to remain on United Kingdom registry after their delivery to private Canadian owners in 1950 and 34 Canadian-owned ships have been transferred to United Kingdom registry. All these 91 vessels on United Kingdom registry are under a special arrangement which makes them returnable to Canadian registry if at any time they may be required.

I trust that the foregoing satisfactorily provides the information you desire.

Yours very truly,

"Lionel Chevrier" (sgd)

SUMMARY OF FACTS RE ESCROW

1 - The plan, approved in 1948, broadly provides that war-built merchant cargo ships bought privately from the government can be sold abroad only on condition that the proceeds of sale are placed in escrow and eventually used in Canada for building or acquisition, of newer ships within a given period of time.

2 - Such ships cannot be sold abroad without government permission. (our underlining).

3 - Up to the end of February 1954, $50,250,000 had been deposited in escrow by various shipowners who had sold ships with government permission.

4 - $42,000,000 have already been spent or are in process of being spent in Canadian shipyards.

5 - The majority of this money has been spent on coastal and lake tonnage, although two 28,000 ton oceangoing tankers are now under construction in Eastern shipyards.

6 - Of 270 dry cargo ships and tankers of over 3000 tons dead-weight which were owned by the government in 1946, 215 appear to be now under foreign registry and the remainder, 55, still under Canadian registry, of which 7 are tied up.

7 - As of the same date, the balance of funds in escrow was about $8 millions.

OBSERVATIONS RE ESCROW:

The underlying policies and operation of the Canadian Maritime Commission's Replacement Plan is susceptible to careful study and analysis. However, at this time we shall confine ourselves only to some of the more relevant aspects of the plan of concern to this union. These are:

1 - We believe that the original intent of the plan, implied, if not explicit, was that the use of escrow funds carried with it the obligation to continue operation under the Canadian flag. However, provision is made under the plan to permit the sale of such ships abroad with government permission. No qualifications appear to be formally attached to such permission.

2 - There is a lack of information on the manner in which escrow funds are allocated to Canadian shipyards for replacement building. It would appear that certain inequities may exist in this respect.

3 - The history of the escrow plan appears to be contrary to the interests of the Canadian people who financed the original building of Canada's war-time dry cargo fleet. More informatinn is required on the matter of assignments of escrow funds, sales to foreign interests, etc.

4 - The Hon. Lionel Chevrier's reference to two 28,000 ton ocean-going tankers is irrelevant and misleading in a discussion of disposition of escrow funds. The tankers in question were not built for Canadian shipowners, were not replacements for Canadian flag ships, and were not built under escrow fund provisions. They were built for export. (See page 10 for reference).

ESCROW - ADDITIONAL DATA

Certain important changes have taken place in Canadian governmental policy with respect to escrow regulations and Canadian shipping generally. In November, 1953, the Cabinet rejected the request of the Canadian Shipowners' Association for a subsidy of $100,000 per ship in order to enable them to continue to operate under the Canadian flag. However, at the same time they altered the terms of the escrow plan in order to permit owners to use their escrow funds to purchase or build dry cargo ships at any place in the world. As a result of this change, ships for registration in Canada are being built overseas while the Canadian shipbuilding industry is dying. Following this, they requested the United Kingdom to accept the registry of Canada's remaining deep-sea dry-cargo ships. The terms were to be the same as the 90 already transferred to U.K. registry under the transfer agreement of 1949.

About 30 ships will be involved in this new transfer. It may well be asked whether the United Kingdom was favourable to the idea of acquiring approximately 30 semi-obsolescent ships when they already had plenty. The U.K. was undoubtedly not enthusiastic about the idea but the alternative to accepting these ships would have been Canada's releasing them to find registration anywhere which would have meant increased competition for the United Kingdom.

Since this development, Transport Minister Chevrier has made one other vague commitment when he said:

> "While the Cabinet is against a general subsidy for all deep-sea dry-cargo vessels at the present time, it is prepared to consider applications made on an ad hoc basis for assistance to particular services operated by modern ships".

This statement is not likely to commit the government to the payment of any subsidies in the forseeable future - particularly with the insertion of the word "modern" in qualifying the type of ships.

In connection with this it is worth noting the remarks made by M.G. Angus to the annual meeting of the Canadian Shipowners' Association as quoted in the Financial Post of January 30, 1954:

> "It seems a strange anomaly in the Canadian defense structure and thinking that Canada should be spending many hundreds of millions of dollars rebuilding a modern navy for the sole apparent purpose of defending foreign shipping", said Mr. Angus. "On defense grounds alone Canada requires some merchant shipping just as much, if not more so, than she requires a combatant sea-going navy. Failure on the part of the government to retain control over the flow of imports into Canada by sea, essential to the maintenance of a minimum war effort or even a reasonable standard of living, means nothing less than that these standards will be determined, in a period of emergency, by the bodies which will control the world's shipping".

IS CANADIAN SHIPPING & SHIPBUILDING ADEQUATELY PROTECTED?

CANADIAN FLAG PARTICIPATING IN THE CARRIAGE OF CANADA'S OVERSEAS TRADE

(Dry Cargo Only)
(Trade with, or via the U.S.A. excluded)

	1947	1948	1949	1950	1951	1952
Total Dry Cargo Exports and Imports, tons of 2000 lbs. in '000's	16,327	15,168	17,046	15,432	21,570	25,814
Percentage carried:						
in Canadian flag ships	20.2	17.9	13.6	9.9	7.9	6.4
in U.K. ships	45.2	46.3	43.1	48.8	40.6	35.4
in ships of other flags	34.6	35.8	43.3	41.3	51.5	58.2
	100.0	100.0	100.0	100.0	100.0	100.0

Source: 7th Annual Report, Canadian Maritime Commission, June 1954.

OBSERVATIONS

This table shows how drastically even limited amount of Canadian exports and imports carried in Canadian bottoms have declined in the period 1947 to 1951 inclusive. In 1952 with only 6.4 percent of our trade carried in Canadian bottoms we were, even at this low figure, carrying approximately two thirds less of our total trade than in 1947.

It is significant that United States shipbuilding and shipping are protected by regulations which provide for the following, among others:

1 - U.S. Coastal Trade is restricted to U.S. registered ships.

2 - All repairs (except emergency repairs abroad) and overhauling of U.S. registered ships must be done in U.S. yards.

3 - 50% of U.S. exports must be carried in U.S. bottoms Canada, on the other hand, is afforded no such protection.

Thus:

The British Commonwealth Merchant Shipping agreement signed at Ottawa in 1931 provides that ships of Commonwealth countries shall have equal opportunity to carry the coastal trade of all of them. A parallel clause (Section 13) of the Canada Shipping Act of 1934 provides

that traffic between two Canadian ports can only be carried in ships built and registered in the commonwealth. Furthermore, tariff regulations are such as to make for greater competition since British registered ships can enter Canada free of tariff.

The relevant Customs tariff regulation is as follows:

> "Ships and other vessels built in any foreign country, if British registered since September 1, 1902, on application for license to engage in the Canadian Coasting trade; on the "fair market value of the hull, rigging, machinery, boilers, furniture and appertenances thereof (as provided in an Act respecting the coasting Trade of Canada)".

British Preferential Tariff	Most Favoured Nation Rate	General Tariff
Nil	25%	25%

OTHER CONSIDERATIONS:

In addition to the reasons we have already given for a Canadian merchant marine, there are a few others which bear mentioning.

1. The possibility of discrimination against the use of Canadian ports and transportation routes.

2. The consequent disadvantage to Canadian goods in foreign trade.

Discrimination against Canadian Trade:

Such situations may arise in various ways. Rigging of marine insurance rates against Canadian ports by foreign underwriters; rigging of "conference" or cartel shipping rates against Canadian ports. (The lack of Canadian shipping would result in no Canadian representation on the "conference". Without a merchant marine, there would be little interest in marine insurance in Canada. Therefore the foreign underwriters could do as they please.)

In addition, with fully-developed auxiliary services available through U.S. ports, the connections of the freight forwarders, shipping agents and brokers in that country constitute a roadblock to the use and development of the Canadian transportation network. An official of Canada's National Harbors Board has drawn attention to exactly such a situation:

CANADA'S SHIPPING POLICIES DICTATED, NHB Official Says (x)

Many Foreign-owned Firms Avoid Ports Here, Exporters' Group Told

The routing policy of a number of large Canadian shipping companies which "is controlled absolutely by parent companies outside Canada," provides one of the difficulties facing the development and expansion of Canada's harbors, W. Clement Perron, traffic officer, National Harbors Board, told the Canadian Exporters'

Association today in the Ritz-Carlton Hotel.

"Those parent companies appear to have little, if any, interest in the preservation and expansion of transportation services through Canadian ports," he said.

Infrequent Sailings

Infrequency of sailings via a number of Canadian foreign trade routes was another serious problem, Mr. Perron said. "Some shipping companies contend that, unless there is some reasonable assurance of increased traffic, they cannot incur the risk of serious financial losses which might result from additional sailings.

There were many more railways, shipping companies, forwarders, brokers and other port agencies serving United States ports than serving Canadian ports, he said.

"The individual and collective efforts of these far more numerous United States agencies have apparently created an erroneous impression with certain shippers that Canadian transportation companies and other Canadian port agencies are not as keenly interested as their United States competitors in the routing policy of exporters and importers," Mr. Perron claimed.

Serious Loss

"Business lost by Canadian ports represents a serious economic loss to Canada as a whole," he said.

"Canada's gigantic transportation plant must find support from the efforts of a comparatively small population. The development of our transportation system has strengthened and broadened the whole economy of Canada, and only with the co-operation of all interests will our facilities and services reach their fullest expansion."

Canadians should ship via Canadian ports, Mr. Perron urged.

(x) Montreal Daily Star, December 2, 1953.

In a brief attached we show that "subsidies and other forms of maritime aid are all but universal in the major maritime and trading nations". Here we present only a summary in tabular form:

U.S. Policy re Subsidies:

With respect to the question of a Canadian Merchant Marine and the problem of subsidies two facts about the United States merit mention. These are:

a) Only one American-owned steamship service now operates without subsidy.

b) This month (January 1954) the U.S. Government's Randall Commission on U.S. Foreign Economic Policy released their majority recommendations. It is significant that with respect to shipping they stated that:

> "A merchant marine adequate to our national requirements" should be supported by direct means - i.e. subsidy. (x)

(x) Source: Financial Post, January 30, 1954.

TABULAR SUMMARY OF SHIPPING & SHIPBUILDING SUBSIDIES AND OTHER FORMS OF MARITIME AID.

Construction Subsidies	Operating Subsidies	Tax Exemptions (or Tax Penalties on Foreign Ships)	Loans and Grants	Other Forms
Argentina		Argentina		Argentina
Australia(1)	Australia(1)	Australia(1)		
			Belgium	
Brazil	Brazil	Brazil		Brazil
		Denmark		
France	France	France	France	France
		Germany	Germany	
Greece		Greece		Greece
	India		India	
Italy	Italy		Italy	
Japan		Japan	Japan	
		Netherlands	Netherlands	
		Norway	Norway	
Spain	Spain			
		Sweden	Sweden	
		U.K.		
U.S.A.	U.S.A.		U.S.A.	U.S.A.

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(1) The information on Australia in this table and in the Summary attached is based on the Australian Shipping Act of 1949 which has never been proclaimed. However the Commonwealth Navigation Act reserves the coastal trade to ships licensed to engage in coastal trade.

N.B. The Tabular Summary above is meant only for quick reference purposes. Material on subsidies does not really lend itself to adequate tabular representation, i.e. the extent and strength of the various forms of subsidy do not emerge from this kind of treatment. It is therefore recommended that, for detail on the policies of any country, reference be made to the Summary attached.

SUBMISSION OF CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION TO DOMINION GOVERNMENT, JULY 1944.

In the following pages, this union cites relevant sections from a brief submitted to the Dominion Government by the Canadian Shipbuilding and Ship Repairing Association nine years ago.

While the Union does not subscribe to all the ideas and proposals presented in this brief, we do nevertheless believe that it contained a number of worthwhile and realistic proposals, the implementation of which would have been to the decided advantage of Canada.

In 1949 the Association at a time when the payroll of their member yards had sunk to less than 7000 from a wartime peak of nearly 70,000 submitted a series of newsletters to members of Parliament, laying chief stress on the fact that unless Canada's coastal traffic was restricted to Canadian flag vessels there would be no more ship building here within a foreseeable future. They also urged termination of the British Commonwealth Merchant Shipping Agreement of 1931.

Regrettably, few of the proposals contained in this brief or the Association's later submissions have been initiated by our government, and most of these only partially.

The relevant text of the brief follows without further Union comment.

PARTIAL TEXT OF SUBMISSION OF CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION TO DOMINION GOVERNMENT, JULY 1944 (x)

(x) NOTE: Sectional headings supplied by Union.

Import Duty on Ships:

P.14 "... Unlike the United States, the Dominion permits British-built ships to engage in any division of its coasting trade, with or without being registered in Canada, and such ships may be imported by Canadian owners free of duty. Foreign-built vessels are, however, subject to a 25% tariff which constitutes protection to the British shipbuilder, but leaves the Canadian shipbuilder unprotected, since the British market is invariably cheaper than the Canadian.

Canadian Shipbuilding Facilities Must Not Be Allowed to Deteriorate

P.17 ... On both coasts, the facilities exist to construct any type of ship required. Since these have been established, it can be frankly stated that British shipbuilders, with lower costs of construction, have taken much of their business away from the Canadian yards, leaving them to exist on repair work, overhands, and the building of Canadian Government craft.

Canada cannot hope to compete with British or foreign shipyards without some measure of assistance.

The strict reservation of the Canadian coasting trade to Canadian-built, Canadian-owned, and Canadian-registered vessels is the basis upon which a domestic shipbuilding industry can be maintained and operated. Furthermore, it would provide a foundation for Canadian shipping ventures into overseas trade, particularly into those channels that were developed long ago and which have sprung into importance in recent years; i.e., the West Indies, Mexico, Central America, South America, New Zealand and Australia. Encouragement of Canadian shipowners to maintain services to these countries with Canadian-built ships, manned by Canadian seamen, is a worthy objective consistent with the traditions established in our past maritime history, but the root-stem of any such development should be created in the form of a protected coastal shipping.

Based on the experience gained in past years, it can be conclusively stated that unless a modicum of domestic shipbuilding is provided, by the means suggested, to maintain skilled shipyard personnel and upkeep of the yards in post-war years, these facilities will deteriorate in value and efficiency and the carrying out of vital repair work, economically and expeditiously, will be seriously prejudiced. It should be further noted that engineers for Canadian ships are drawn from men who have served their time in the shipyards. Unless young Canadians are provided with the means of such training, there will be little incentive to embark upon such a career.

Canadian Pacific and Canadian National Steamships

P.18 ... It is desired to refer to the status of Canadian Government-owned vessels engaged in commercial shipping business. For many years and up to the opening of the present war, the Canadian National Steamships, and before them well-known British steamship interests, operated with subsidy assistance a first-class passenger and cargo carrying service between Canadian Atlantic ports and the West Indies and South America to the very considerable benefit of Canadian trade. This Government-owned company also owned and operated a fleet of high-class passenger vessels out of British Columbia ports. These vessels were all built in British shipyards and it is desired to emphasize that in present circumstances Canadian shipyards are fully qualified to undertake shipbuilding of even this high class, and since these vessels have operated with subsidy assistance emanating from the Canadian people, it should be conceded that the replacements which will be desirable to re-establish and augment these services in the post-war period should be undertaken by Canadian labour and resources.

It is also desired to refer to the status of foreign-going vessels owned and operated by the Canadian Pacific Railway. This Company occupies a unique and proud position in marine transportation, and it must not be lost sight of that it is exposed to an all-world competition in the operating of its various foreign services. That it has been so highly successful is both an indication of capable management and an example of what can be achieved in the world's shipping business by Canadian interests.

Nevertheless, whilst deriving its support and much of its revenue from sources within the Dominion of Canada, its policy as regards shipbuilding, ship repair and ship operating has done little to encourage the development of the Canadian interests involved.

(our underlining)

The Canadian Pacific Railway has an enormous investment in Canada. To increase the return from that investment, it would appear logical that the company do all within its power to encourage and ensure the permanence of Canadian industries. The Canadian shipbuilding industry has proved its resourcefulness and skill in the course of two great world wars. Its record, since steel shipbuilding was first established in Canada, has revealed its ability to construct and equip the class of ships required in the inland and coastal services of the Canadian Pacific, and it is now well qualified to undertake the construction of their foreign-going cargo ships.

It is desired to emphasize that the Canadian Pacific Railway is in a position to make a significant contribution to the maintenance of a post-war shipping and ship repairing industry in Canada, provided such assistance will be forthcoming as will enable such a policy to be adopted in a manner as will not adversely affect the competitive position of the Company in the sphere of world transportation.

There are other Canadian transportation interests operating in the foreign trade, to which the foregoing also applies in some measure, and it is suggested that an adequate shipping policy should be studied and determined with the least possible delay, since the changing conditions of world trade which are likely to ensure in the post-war era probably will permit considerabl growth under favourable conditions.

Source: Brief for Shipbuilding, presented by the Canadian Shipbuilding and Ship Repairing Association, July 28, 1944, on file in University of British Columbia Reference Library.

STATEMENTS BY CHEVRIER

ON IMPORTANCE OF CANADIAN SHIPPING

From Editorial in Canadian Shipping, October 1953

"This, we think, is a good time to recall parts of a speech made some four years ago by the Minister of Transport before the Toronto Board of Trade. We wish to recall them, partly because they are so concisely placing the marine industries in their proper light as integral parts of our national life; and partly because they so strongly emphasize official concurrence in the opinions so frequently offered by this publication.

We quote (1) "The shipping industry is the very life-blood of our existence. Our future in both war and peace depends on its smooth functioning".

(2) "It is obvious that Canada can no longer rely on ships of other nations to serve her external trade".

(3) "Transportation must not only keep pace with national development but it must anticipate the requirements by at least a decade".

Circumstances alter cases but so that no one will wonder whether or not circumstances really have changed in the last four years, we would add the following from the same Minister's speech before the American Association of Port Authorities in September, 1953: "It is efficient transportation that has made us what we are today. By the same token, inefficient transportation could break us tomorrow".

CANADIAN WORKERS HAVE BIG STAKE IN SHIPBUILDING INDUSTRY

From: Canadian Shipbuilding & Ship Repairing Association, Newsletter No.1, Series VI, December 1, 1953.

"Canada's shipyards themselves give work at present to 19,000 persons who, with their families, are wholly dependent on that employment. In a dozen or more allied industries that supply materials and components for ship construction and repair, there are an estimated 75,000 to 100,000 workers largely dependent on marine work. Their annual earnings run easily to $200,000,000.

That is because of the kind of operation carried out in shipbuilding. A shipyard basically is a huge assembly plant. The parts are channelled in from a great variety of other firms and there put together as a ship.

Most of the money going into the cost of a ship finds its way to these other companies and to their employees.

For a large merchant ship, only about 35% of the cost will be spent in the shipyard. The proportion is less for a naval ship. For a $10,000,000 warcraft more than $6,500,000 will be spread through other plants.

All of which means that more Canadians than realize it have a stake in the shipbuilding business".

S U P P L E M E N T

The following material is included in order to supply additional data on Canadian and world shipbuilding and shipping. While not all the material herein has a direct bearing on our main preliminary survey, it is all relevant.

TABLE L

NUMBER AND TONNAGE OF MERCHANT VESSELS LAUNCHED IN THE PRINCIPAL SHIPBUILDING DISTRICT OF GREAT BRITAIN AND NORTHERN IRELAND DURING 1952.

District	Number	Gross Tons
Aberdeen	6	8,973
Barrow	2	30,964
Belfast	14	129,977
Clyde: Glasgow	57	277,199
Clyde: Greenock	22	170,566
Dundee	3	23.802
Hartlepools	8	45,347
Hull	37	14,302
Leith	14	28,877
Liverpool	13	68,403
Middlesbrough	13	122,756
Newcastle	25	201,338
Sutherland	26	170,892

Source: Engineering, March 13th, 1953, Vol.175, No. 4546, p.348.

UNITED STATES SHIPYARDS EXCEED PEACETIME RECORDS IN 1952

For the second successive time the shipbuilding industry of the United States embarks upon a new year with an unprecedented volume of work in hand. Contracts were in existence on January 1, 1953, for the construction of 101 large merchant vessels of 1,446,645 gross tons and 2,260,777 deadweight tons, equipped with propelling machinery of 1,488,590 horsepower. An additional 465 propelled and non-propelled vessels of smaller size make the grand total of vessels now under construction 566, with a dead-weight tonnage of 2,645,782, and 1,588,411 shaft horsepower.

... One year ago, January 1, 1952, the shipping industry had orders in hand for the construction of 95 vessels of 1,211,371 gross tons and 1,750,974 dead-weight tons, fitted with propulsion machinery of 1,412,010 horsepower.

Source: Marine Engineering, February 1953, Vol.LVIII, No.2.

SHIPBUILDING IN FOREIGN YARDS

The following data is self-explanatory and is presented in order to more fully explain conditions under which some foreign shipyards are operating.

... "Curiously enough, in relation to her size as a shipping and shipbuilding country, Italy is very much to the fore in passenger-liner building. This is understandable, perhaps, first on account of the unemployment in that country, and secondly, because the owners are involved only in about 25% of the cost, the remainder coming either from the Italian Government or from Marshall Aid or the Allied Military Control in Trieste. No fewer than three 25,000 ton 21-knot transatlantic liners are being built".

Source: Marine Engineering & Shipping Review, November, 1951.

P A R T I I I

LEGAL ASPECTS

A - Coasting and Inland Shipping

I) Laws Governing Coastal and Inland Shipping

i) Canada Shipping Act

The Coasting Trade of Canada is ruled by Part XIII of the Canada Shipping Act, 1934, and most particularly by Sections 661 to 665 of that Act inclusively. That Part provides that no goods shall be carried by water or by land and water from one place in Canada to another place in Canada either directly or by way of a foreign port, or for any part of the transportation in any ship other than a British ship.

The second paragraph of Section 663 of the Act mentions that no ship other than a British ship shall transport passengers from one place in Canada to another place in Canada either directly or by way of a foreign port. Always according to that Part XIII of the Canada Shipping Act, 1934, no "foreign built" British ship, regardless of where she is registered, shall be entitled to engage or take part in the Coasting Trade of Canada unless she has first obtained a licence for that purpose from the Minister of National Revenue.

However an exception is made by Subsection 2 of section six hundred and sixty-one (661) of the Act with regard to certain foreign built ship captured by British forces or nationals during World War I or by British Commonwealth forces or Nationals during World War II, and registered as a British ship has been repealed in 1948 by 11 - 12 George VI, Ch. 35, Section 52 which reads as follows: -

> 52. Subsection two of section six hundred and sixty-one of the said Act is repealed and the following substituted therefor:
>
> "(2) Any foreign-built vessel captured or seized during World War I by British forces or nationals or during World War II by British Commonwealth forces or nationals and condemned as prize of war or ceded by enemy states to any part of the British Commonwealth or its nationals as reparations, and registered as a British ship, shall for the purpose of this part of this Act and of the customs tariff be regarded as a British built ship and as entitled to engage in the coasting trade."

To obtain a licence from the Minister of National Revenue, it is necessary for "Foreign built" British vessels to pay a custom duty of twenty-five (25%) per cent AD VALOREM on the market value of hull, machinery, furniture and appurtenances of the vessels. According to Section 665, exception might be made along that line of Custom duty by the Governor General in Council.

The Department of National Revenue issues coasting licences to British ships not "foreign built", upon proving to the Department that the ships fall within the scope of sections 661 to 665 inclusively of Canada Shipping Act, 1934, and consequently that they are entitled to operate in the Coasting Trade of Canada. In addition to that coasting license issued upon request and sufficient proof with regard to her real "status", to enable a British ship to operate in the Coasting Trade of Canada, her Master and two other persons, usually officers of the company owning or operating the ship should the ship be under a Charter-Party, must execute a Coasting Bond (Form D-11) in the amount of five hundred ($500.00) dollars.

The conditions required to obtain that Coasting license in addition to the execution of the Bond of five hundred dollars are as follows:

a) The proof that the ship the owner of which applies for a Coasting license is a British built ship, that is to say a ship built in some part of the British Commonwealth of Nations or coming within the exceptions hereinabove referred to with respect to vessels captured, seized or ceded in time of war;

b) Production of a certificate of British Registry establishing that she is a British ship, that is to say, a ship registered in some part of the British Commonwealth of Nations and that her or all her owners are British subjects;

c) That all her officers are holders of British Certificates of Competency.

However, a coasting license is not always required in order to operate in the Coasting Trade of Canada, but it is a convenience preventing the Holder of same from establishing his own "status" and his ship's "status" to the Collector of Customs in every place from which the vessel might be called to clear from.

The "Coasting Bond" hereinabove referred to requires compliance with the "Coasting Regulations of this Dominion". Such Regulations have never been issued so far.

ii) Customs Act

In addition to Part XIII, Sections 661 to 665 of Canada Shipping Act, 1934, there is Section 65 of the Customs Act which reads as follows:

"The equipment or any part thereof, including boats purchased or supplied in a foreign country for, or the expenses of repairs made in a foreign country upon, a vessel intended to be employed, or which is thereafter employed, in the coasting trade of Canada, shall, on the arrival of the vessel in any port of Canada, if arriving within one year after the repairs have been made or the equipments have been purchased or supplied, be liable to entry and the payment of duty on the cost thereof in the foreign country.

a) on expenses of repairs, twenty-five per cent AD VALOREM;

b) on equipment, including boats, the same rate of duty as if the articles were imported into Canada in the ordinary course.

2. If the owner or master of the vessel wilfully and knowingly neglects or fails to report, make entry and pay duties as by this section required, the vessel, with her tackle, apparel and furniture, shall be seized and forfeited.

3. If, however, the owner or master of the vessel furnishes satisfactory evidence that the vessel, while in the regular course of her voyage, was compelled by stress of weather or casualty to put into a foreign port to make the said repairs, in order to secure the safety of the vessel or to enable her to reach the port of destination, or that it would be impracticable to make the repairs in Canada for the want of a dock of sufficient capacity to receive the vessel, the Minister may authorize the refund of the duties on the repairs, and the vessel shall not be liable to forfeiture under the next preceding subsection. 1908, c. 19, s. 2.

And in the same Customs Act in its Section 2, subsection "s" a vessel is defined as follows: -

s) "vessel" includes any ship, vessel or boat of any kind whatsoever, whether propelled by steam or otherwise, and whether used as a seagoing vessel or on inland waters only, and also includes any vehicle as hereinbefore defined;

And at the same Section 2, same Customs Act, at subsection "Q1" defines customs duty as follows: -

Q1) "value for duty" means the value of the article as it would be determined for the purpose of calculating and AD VALOREM duty upon the importation of such article into Canada under the laws relating to the Customs and the Customs Tariff, whether such article be in fact subject to Ad Valorem or other duty or not;

And Section 66 of the Customs Act regulating the excess of stores of vessels arriving in Canada reads as follows: -

66. The surplus stores of vessels arriving in Canada shall be subject to the same duties and regulations as if imported as merchandise; but if the owner or master desires to warehouse the same for reshipment for the future use of the vessel, the collector may permit him so to do. R.S., c.48, s.71.

The expression "foreign country" means any other country than Canada whether such other country is within the British Commonwealth of Nations or not.

II) The necessity of a change in Law regulating the Coasting Trade in Canada

i) Reasons for a Change

The actual legal situation of the Coasting Trade in Canada permits not only to British ships registered in Canada, but to all British ships without any consideration of the place where they are registered or manned to operate in the Coasting Trade of Canada with the only restriction that if they are not British-built, they must first obtain a licence from the Minister of National Revenue and pay the twenty-five (25%) per cent hereinabove referred to for their repairs made in a foreign country and customs' duty on equipment purchased in a foreign country.

Such an easy going legislation for vessels registered in Great Britain or in other parts of the British Commonwealth of Nations might have proved sufficient had the vessels registered in Canada been able to compete economically and operate on an equal basis as far as conditions of operation were concerned, but such has never been the case and most particularly since the last war.

Vessels registered in Canada and owned and manned by Canadians cannot compete with vessels operated and manned by owners and seamen from Great Britain or from any other part of the British Commonwealth of Nations. And the intrusion of British vessels registered in Great Britain or in any other part of the British Commonwealth, in our Coasting Trade through an improper legislation constitutes a great and serious danger for the future of our Coasting Trade which personnifies at the present time the only merchant fleet we have.

Coastal shipping should be more important to Canada than to any other country owing to its geographical position and its great Coasting and Inland Waters. But Great Lakes are nothing after all but inland oceans. The Coasting Trade forms a natural school of seamanship and shipowning. Should the present legislation tolerating an almost unfair competition which compels our shipowners whose vessels are engaged in the Coasting Trade to struggle with exceptionally hard conditions of operation be upheld, their private initiative night fail in the near future and therefore bring Canada to face a situation which has never existed anywhere before and with which it would not be an easy task to cope with. Canada may find its coastal waters infested with vessels registered everywhere in the British Commonwealth of Nations but in Canada.

Many maritime countries extend an entire and special protection to their own vessels engaged in their Coasting Trade in almost the same way as to their air lines companies. No foreigners would be permitted to establish air lines within the boundaries of a country in order to carry passengers and merchandise from one place to other places in that country and therefore make an unfair competition to air lines owners of that country. Would Canada permit American air lines owners to make competition to our own Canadian air lines owners?

It is a well known fact that the costs of operating vessels registered in Canada, with Canadian standard of life, wages and working conditions and with repairs and overhauls carried out in our own shipyards and with Canadian Labour, are substantially higher than the costs of operating vessels registered in other parts of the British Commonwealth of Nations, and, in particular, in Great Britain. The high costs of operating a vessel registered in Canada being such a well and publicly known fact, we do not see the necessity to go into further details concerning this assertion.

The devaluation of the Sterling and other currencies since the last War has also contributed to accentuate the competitive advantages of the vessels registered in Great Britain or elsewhere in the British Commonwealth of Nations. The increased competition of British vessels has also been given impetus by the persistent desire of the British Government to obtain Canadian dollars and by the increase in competition between vessels in the International Trade.

The entrance of Newfoundland into Confederation, has aggravated that already acute problem of competition. This trade between Newfoundland and the other provinces of Canada has been serviced by vessels registered in Canada and in Newfoundland. Now this trade is menaced by the intrusion of British vessels registered in Great Britain.

There is no doubt that to continue to tolerate British vessels to operate in the Coasting Trade of Canada the way they have done since the last war is to encourage a competition which will eventually

and in the near future drive out any competition from vessels registered in Canada, since vessels registered in Canada cannot be profitably operated on revenues which would not even cover their operating expenses.

In other words and to sum up, unless Canadian shipping, that is to say vessels registered in Canada and operated under Canadian conditions are duly protected against competition from vessels of other nations including those registered in Great Britain or in any other part of the British Commonwealth of Nations, the Coasting Trade of Canada will face a disastrous and irremediable financial situation.

The competition of British vessels between Newfoundland and other parts of Canada is to be feared. Competition might also be expected from British vessels registered in Great Britain or in other parts of the British Commonwealth of Nations picking up cargoes in the Maritimes when proceeding inbound in ballast or with a partial cargo for Quebec and Montreal at a rate of freight which may be termed "sacrifice rates". With the industrial expansion which is taking place on the North Shore of the St. Lawrence and also on the South Shore, in the Gaspe Peninsula, and the development of the St. Lawrence - Great Lakes Seaway, a much greater competition from vessels registered in Great Britain and from other parts of the British Commonwealth of Nations might be surely anticipated.

If Canada has the idea of retaining any merchant fleet - and the Coasting Trade of any Maritime nation has always been the backbone of a deep sea merchant fleet - and a body of seamen capable of manning its vessels in time of war or emergency, it is absolutely necessary that the present law referring to our Coasting Trade and hereinabove referred to be amended so as to ensure an entire protection to vessels belonging to Canadian owners registered in Canada in its Coasting Trade. The amendment of the law now existing appears more urgent than ever before since the decline of our deep sea fleet. Canada today faces this inescapable alternative: Either protect by all means its own Coasting Trade or see its own Coasting Trade driven out of Canadian Waters by the competition of vessels registered in Great Britain or in other parts of the British Commonwealth of Nations.

It might also be advisable to stipulate in the future law regulating the replacement of obsolete vessels in order to have at all times a Coasting and Inland fleet entirely fit and capable of performing adequately the services in water carriage that the population of Canada is entitled to expect from it.

And when we speak of our Canadian Coasting Trade, we do not mean only the vessels kept operating or the body of men necessary to man them and to form an institution capable of expansion in time of emergency which must never be lost of sight, but also the shipyards and skilled shipyard workers whose skill is used to repair and maintain the seaworthy conditions

vessels engaged in the Coasting Trade.

The British Commonwealth Shipping Agreement that was signed by the respective Governments of the various parts of the British Commonwealth of Nations does not permit an immediate restriction of the Canadian Coasting Trade to vessels registered in Canada.

One year's notice is required in order to change any provisions of that Agreement. This agreement and most particularly the provisions concerning the right of vessels registered in any part of the Commonwealth to operate in the Coasting Trade of any other part of the same footing as ships registered in such part, are entirely favorable to the United Kingdom and possibly to some other part of the British Commonwealth and are not and have never been of any benefit to Canada; on the contrary and for the reasons already submitted hereinabove, they are seriously detrimental to the Coasting Trade of Canada. It is a well-known fact that vessels registered in Canada could never compete in the Coasting Trade of Great Britain with vessels registered in Great Britain.

It is nevertheless unnecessary to add that in the case of certain vessels registered in Great Britain which are now and have been engaged in the Canadian Coasting Trade for some years, it might be advisable to give them an appropriate warning. However, exceptions to the policy we propose might be made for a limited period of time with respect to these few vessels if there are no other vessels registered in Canada in a position to ensure the services performed by such vessels.

We do not believe it necessary, therefore, to insist upon all the different subjects to which may apply all and each of the different sections of our Canada Shipping Act of 1934, as well as its appendices, and annexes, reproducing for the better part international agreements to which Canada has adhered at different dates, and concerning, amongst other things, the minimum age for admission to marine work, seamen's employment agreement, seamen's repatriation, the protection of human life at sea, the Plimsoll line, and its marking, rules pertaining to the construction of merchants ships, security standards and equipment, rules relating to sea routes, for the prevention of collision, the loading of merchandise, ship inspection, etc. etc. We believe it is not our duty to insist at length upon the importance for an exporting country such as ours to possess an ocean-going Merchant fleet. This matter belongs to the economic field rather than the purely legal field. However, it is always difficult to ignore the influence of one field upon another; the economic field or vice-versa. We, therefore, express without exaggeration the importance the law plays in our water-borne commerce.

A country geographically situated such as ours, with its coasts washed by the Atlantic, the Pacific, and the Artic oceans as well as its interior oceans, the Great Lakes, needs a deep sea

Merchant Marine of important tonnage, at least satisfactory to assure the transportation of a more substantial share of its exports and its imports. This seems to be established as indispensable to its prosperity and protection.

It is our intention, however, to suggest that we provide for at least that which we could call a "Pocket Merchant Marine", if it is permissible for us to express it as such, a Merchant Marine capable of carrying at least about 50% of our exports or imports.

We respectfully submit that we are requesting, a Merchant Marine at least proportioned to Canada's needs in its external trade, because we take into account the realistic needs of external trade. In fact, our exporters and importers when trading in the sphere of international commerce with countries possessing merchant vessels, are often obliged to compromise with their customers in the sense of accepting that the merchandise bought or sold be carried by vessels belonging to the nationality of the foreign customer.

Our Shipping Act is for the better part only a reproduction of the British Merchant Marine Act of 1894. We submit respectfully that it would be probably advantageous for our merchant shipping to proceed to a complete revision of our Canada Shipping Act of 1934 in order to modify certain sections which are not easily applicable to our local shipping conditions, and commissioning of Canadian shipping.

The United States of America, in their Merchant Marine Act of 1936, Title 1, Article 101, make the following declaration of principle, which, we believe, should be quoted in order to demonstrate how our neighbors from the south think of the importance of a coastal, and ocean shipping fleet.

> "It is necessary for the National defence and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and (d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine".

As you have just read, the United States in the preamble of its Merchant Marine Act of 1936 mentions the necessity of maintaining a Merchant Marine sufficient for the transport of a substantial portion of its water-borne export and import foreign commerce.

It does not mention the carrying by American ships of all their exports and imports precisely because they take into account, as realists, that there are a thousand and one allocations and necessities in international trade and of the water borne transport industry.

As we have already mentioned at the beginning of this brief, on Canada's ocean going Merchant Marine, we have all we need in our Canada Shipping Act of 1934 to protect, legally speaking, a Canadian Ocean-going Merchant Fleet. On the other hand, since the end of the war, our ocean-going Merchant ships and their crews have been governed by our Canada Shipping Act of 1934.

We understand that it is not a matter of Canada possessing an Ocean-going Merchant Marine the same as our neighbors, the United States, but just the same, there is a margin. Allow us to suggest, that a deep study of the most practical legal means should be made with a view to helping the creation, the development, and maintenance of an Ocean-going Canadian Merchant Fleet comprised of sufficient ships to carry as mentioned above, in keeping with the requirements and allocations of international trade, a substantial share of our products exported, or merchandise imported.

Since the last war, approximately all governments of Maritime countries have found the appropriate legal means to help their national ship owners construct and maintain their ocean-going ships either by long term loans, permitting the replacement of their ships which have become obsolete, in order to meet competition of the modern ships of other nations, or in certain cases, by direct subsidies, moreover when it concerns indispensable routes to maintain external trade: trade routes which are of national interest.

ii) Bills of Lading Act

As all other Maritime countries, we have our own Act to cover the transport of merchandise by water as well as a Bills of Lading Act. This Bills of Lading Act is found in chapter 16 (S.R.C. 1952) whereas the carriage of Goods Act is found in I Edward VIII, Chapter 49. This Act took effect August 1st, 1936, at the same time as our Canada Merchant Marine Act of 1936. This Act of 1936 relating to the carrying of merchandise by water applies, according to Article 2 of the preamble to the transport by water of merchandise from one Canadian port to another port in Canada or to any other ports situated outside of Canada.

It governs the transport by water of all types of merchandise except live animals, or merchandise loaded on ship deck.

We refer to these two Acts to demonstrate further that we have in our Federal Statutes the necessary legal arsenal, so to speak, in order to protect adequately our shipping engaged in ocean-going trade from one Canadian port to another port of Canada or to foreign ports. There remains only the need to elaborate a legislation capable of protecting economically our Canadian Shipbuilders against foreign competition; legislation which would constitute an adjustment to closely stabilize economic conditions in the world; a piece of legal structure on which shipowners might rely for the operation and replacement of their ships. Such legislation would stimulate business in this vital field of maritime transport. We use the word vital, because, in a time of crisis and urgency, it is a case where each government could requisition the ships of its own country's nationals, which could hamper considerably our own means of action.

iii: Canadian Maritime Commission Act

In a last instance, we outline the existence in Canada as is with our neighbors, the United States, of a Maritime Commission instituted by law (II George VI, Chap. 52) in the interest of our Ocean-going and Coastal Merchant Marine.

According to Article 6 of the Act, the Canadian Maritime Commission considers, and recommends to the Minister of Transport.

Article 6. "The Commission shall consider, and recommend to the Minister, from time to time, such policies, and measures as it considers necessary for the operation, maintenance, manning, and development of a merchant marine, and a ship-building and ship-repairing industry commensurate with Canadian Maritime needs".

Article 7 of the Act defines the powers of the Commission.

Article 7. "The Commission may examine into, ascertain and keep records of:

a) The shipping services between Canadian ports in Canada to ports outside Canada that are required for the proper maintenance and furthermore of the domestic and external trade of Canada;

b) The type, size, speed, and other requirements of the vessels that are and in the opinion of the Commission should be employed in such services;

c) The facilities in Canada for the construction, repair and reconditioning of vessels;

d) The cost of the construction, repair, and reconditioning of vessels in Canada and in other countries;

e) The cost of marine insurance, maintenance, repairs, wages, and subsistance of officers, and crews, and all other item of expense in the operation of vessels under Canadian registry and the comparison thereof with similar vessels operated under other registry;

f) Such other matters as the Minister may request or as the Commission may deem necessary for carrying out any of the provisions or purposes of this Act.

We believe that the remarks above concerning the system of Maritime legislation, now existing in our federal statutes, should suffice to establish the sufficiency of our Maritime legislation as regards the regulation, properly so, of ocean-going vessels and the carrying of merchandise by them.

As mentioned above, a revision should be made of certain sections of the Canada Shipping Act of 1934, so as to render certain dispositions of these sections more easily adaptable to certain local navigation and shipping conditions.

Before concluding, we wish to submit respectfully that the United States charge a 50% Ad Valorem duty on all repairs effected, and equipment purchased abroad. This duty is refunded upon proof that the repairs affected, or the equipment purchased were due to accident at sea or by stress of weather. Here, pursuant to our Customs law, we can only impose in the same circumstances a 25% AD VALOREM.

IV) British Commonwealth Merchant Shipping Agreement.

There remains also to mention the British Commonwealth Merchant Shipping Agreement signed at London, December 10th, 1951.

This agreement contains 26 articles and is divided into ten parts:

Part I	- Common Status
Part II	- Standards of Safety
Part III	- Extra territorial operation of laws
Part IV	- Equal treatment
Part V	- Internal discipline and engagement and discharge of seamen
Part VI	- Certificates of Officers
Part VII	- Shipping enquiries
Part VIII	- Relief and Repatriation of Seamen; Wages, and Effects, of Deceased Seamen

Part IX - Offences on Board Ship
Part X - General

Article 10 of this Agreement reads as follows:

Part IV

EQUAL TREATMENT

Article 10. "Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to sea-going ships at anytime in force in that Part shall apply more favourably to ships registered in that Part or to the ships of any foreign country, than they apply to any ship registered in any other Part of the Commonwealth.

Article 11 reads as follows:

Article 11. "While each Part of the British Commonwealth may regulate its own Coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth, in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country.

These two articles demonstrate amply the equal treatment required by the Agreement for all ships registered in any part of the British Commonwealth of Nations.

Finally, pursuant to Article 24, a notice of twelve months is necessary to permit a signatory nation to withdraw from the Agreement.

This Article 24 reads as follows:

Article 24. "The present Agreement shall come into operation on the tenth of December 1931, and shall continue in full force for a period of five years and thereafter until the government of any Part of the Commonwealth gives notice of intention to withdraw therefrom or from any Article thereof. A notice of withdrawal, if sent to the Governments of every other Part of the Commonwealth, shall take effect as regards the Part viging the notice to the extent therein specified at the expiration of twelve months from the date of its dispatch, but shall not otherwise affect the continuance in full force of the present agreement."

II) Necessity of a Change in the Law Regulating the Ocean-Going Merchant Marine

In conclusion, may we be permitted to respectfully submit the following suggestions:

a) The maintenance of a Canadian ocean-going merchant fleet at least sufficient to carry 50% of our exports and imports;

b) The study, preparation, and adoption of legislation, calculated to constantly help, by the most appropriate means, our fellow citizens, the ship-owners, to meet the competition which actually exists;

and as a complement to (b):

c) The study and adoption of legislation which would permit Canadian ship-owners to replace obsolete ships, by new, fast ships with which they can compete advantageously with foreign competition;

d) The study and revision of certain section of our Canada Shipping Act of 1934 so as to render still more advantageous its adaptation to local shipping conditions and water borne transport;

e) An amendment to our Customs Act, so as to compel the payment of a 50% AD VALOREM by all ocean-going merchant ships, which, without urgency or necessity, make use of foreign shipyards for repairs, or still purchase all or part of their equipment in foreign countries;

f) To denounce the British Commonwealth Shipping Agreement signed at London, on December 10th, 1931, so as to protect our ship-owners against competition from ships registered in other parts of the British Commonwealth.

PART IV

S U M M A R Y
O F

SHIPPING AND SHIPBUILDING SUBSIDIES

AND OTHER FORMS OF MARITIME AID

This survey is designed to show that subsidies and other forms of aid to maritime industries are all but universal in the major maritime and trading nations. It is our purpose to indicate the existence of these policies and demand an explanation for Canada's refusal to take similar steps to protect a key industry whose existence is vital to Canada's trading policy and economic sovereignty.

The fact is that the Government of Canada must be aware of the widespread use of subsidies: the second report of the Canadian Maritime Commission, dated June 30, 1949 carried an appendix entitled "National Maritime Aid: A Summary of Policies". In fact there seems little doubt that the Canadian Maritime Commission keeps a continuous watch on changes and developments in subsidy policy.

The listing below, is based on:

1. Appendix A to the 1949 Report to the Canadian Maritime Commission.

2. Appendix E and F to "Shipping Subsidies", published in August 1951 by the National Federation of American Shipping Inc. (While the publishers are hardly disinterested parties, the material is unquestionably authentic and useful.)

3. Various U.S. Government publications.

4. Periodical literature of the U.S. and U.K. such as "The Shipping World", "Shipping and Shipbuilding Record", "Business Week and "U.S. News and World Report".

The survey does not pretend to be definitive or completely up-to-date, but we believe it conclusively establishes that subsidies are the rule rather than the exception in the world's most advanced and most important trading nations.

We have made no attempt to evaluate the effectiveness of the various policies outlined, nor do we at this time, propose any particular policy for adoption at this time. But we do insist on the principle. In this day and age a country that depends on foreign trade as Canada does, must have its own merchant marine, and that means subsidies. Once the principle has been accepted, there will be time enough to go into details.

ARGENTINA

"Whereas Argentina before World War II showed little interest in a foreign-going merchant marine, the government has, since the war, actively pursued a policy intended to develop and protect a sizable mercantile fleet. As a result, the Argentine State Merchant Fleet has grown to 600,000 tons."

"By official decree, cargoes purchased or sold by the government are to be carried, whenever possible, in Argentine bottoms at freight rates approved by the Merchant Fleet Department. Insurable risks for the account of national importers or exporters must be covered by Argentine insurance companies."

"Income tax, levied on net earnings from freights, is imposed on foreign shipping using Argentine ports, exempting only the vessels of countries with which mutual taxation exemption agreements have been negotiated. For determining the tax, net earnings are regarded as ten per cent of gross freights. The government, by way of encouraging fleet expansion, exempts from taxation a proportion of the normally leviable earnings of national shipowners who apply over thirty per cent of their profits to the purchase of new vessels."

"Preferential treatment is accorded Argentine ships in assessing port dues, light dues and pilotage charges.

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)
(See item from "Shipping World" under Chila.)

AUSTRALIA

"The Australian Government, in its second attempt to engage profitably in the shipping business, has entrusted, since the beginning of 1946, the operation of its fleet of twenty-six merchant vessels and additional chartered vessels to the Australian Shipping Board. The first experience of state shipowning, arising out of World War I, ended in 1927 with a heavy financial loss to the nation."

"The Australian Shipping Act, 1949, charges the Australian Shipping Board with control of all Australian - owned shipping, with developing shipbuilding in the Commonwealth, and with establishing a Commonwealth Shipping Line to operate in coastal and overseas trade. Of vessels exceeding 200 gross tons, only those built in Australia and under twenty-four years of age will be licensed to engage in coastal trade. The government will purchase vessels built in domestic shipyards and resell them to private owners at a lower price, provided that the difference in price (that is, the amount of the building subsidy) does not exceed twenty-five per cent of the cost of a similar ship built in the United Kingdom."

"Non-Australian ships are liable for Australian income and social service taxes on an assessment of one-twentieth of outward freight and passage money derived from trade with the Commonwealth."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

BELGIUM

"Apart from a few shipping services in which the State has directly participated, Belgian shipping has been developed by private enterprise with the assistance of low-interest government loans. The merchant fleet has engaged in liner trades to the exclusion of tramp ship operations."

"Indicative of a continuation of policy, the Belgian Government has, by a law passed in August, 1948, set up a Shipowning and Maritime Construction Fund of two milliard francs ($45.6 million at $0.228 to the franc) for the promotion of shipbuilding and for the acquisition of new vessels by national shipowners. The fund, administered by a Technical Commission for Maritime Credit, provides 300 million francs a year for loans and advances up to seventy per cent of the value of proposed acquisitions."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

It is interesting to note that "Shipping Subsidies" published by the National Federation of American Shipping, Inc. notes very much the same data but sees it in a much stronger light:-

A. LOANS AND GRANTS

"The Minister of Merchant Marine, according to a law passed August, 1948, can obtain the State's guarantee for loans closed by Belgian shipowners with a national credit institute, used to expand the tonnage of the Belgian merchant fleet. These obligations will amount to $577,000,000 of which $22,800,000 is already available." "A law of August, 1948, established a Shipowning and Shipbuilding Fund of $45,600,000 of which $4,560,000 a year is to be used to build and purchase vessels by means of grants to shipowners for a period of ten years."

BRAZIL

"The Brazilian merchant marine, part of which is government-owned, has received state aid through construction and operating subsidies, loans, a variety of tax exemptions, and a reserved coastal trade. Berthing and warehouse priorities in congested Brazilian ports also constitute a form of government assistance to national shipping."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)
(See item from "Shipping World" under Chile.)

CHILE

"The Association was represented at the meeting of the International Chamber of Shipping in London on January 21, 1953. The discussion on flag discrimination disclosed general misgivings at the increasing tendency since the end of the war on the part of some nations, particularly those of South and Central America to view the exports and imports to their countries as national commerce and so to claim the right to discriminate in favour of vessels of the national flag against vessels of an alien flag in regard to marine transportation of goods."

"The Association urges H.M. Government to use all means in their power to bring about the discontinuance of the discrimination which is being practised against British shipping by such countries as the Argentina, Brazil and Chile and many others ... British shipping seeks no discrimination in its own favour from its own Government and received none. It is content to compete on the basis of the merit of its own services in free competition with other flags." "As an example illustration of what is said above may be cited a report made recently to the Chilean Government by an organization of shipowners in that country. This report proposed (inter alia) the following Government action of a discriminatory kind:

(i) The inclusion of a 50/50 carrying clause as a minimum in all treaties and agreements entered into by Chile.

(ii) The insertion of this clause in all import and export licenses.

(iii) To make it a condition that exports to countries with no mercantile marine of their own must move by Chilean ships.

(iv) To order that foreign ships chartered for the carriage of Chilean products must be operated by Chilean shipping companies."

(Extract from an article on the Annual Report of the Liverpool Steamship Owners' Association. ("The Shipping World" March 18th, 1953)."

DENMARK

"Danish shipping has been operated almost entirely by private enterprise without dependence on state assistance. While no subsidies have been paid, the government does encourage shipowners to acquire new tonnage by permitting tax-free depreciation over a two-year period in respect of costs in excess of pre-war prices."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

FRANCE

"Extensive state assistance in the form of subsidies and mail subventions, maritime credit loan

guarantees, tax exemptions, and reserved trades has been a feature of French shipping in the past. Since the war, the government has become the principal shareholder in two major shipping companies, the Cie. Générale Transatlantique, and the Cie. des Messageries Maritimes. Freed from the threat of nationalization, other shipping firms remain subject for a two-year period to a measure of state control over trades and freight rates. Maritime requisition was, however, discontinued by a law of February 28th, 1948." (Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. OPERATING AIDS

"General aid was given under a law of June, 1934, in the form of a navigation bounty (per ton day basis) applicable to coastwise or foreign trade in order to offset unfavorable competitive conditions. Almost $6,000,000 was provided for this purpose for 1935."

"This law was extended five times and on the last occasion runs through December 31, 1951."

"By law of June, 1938, duties on refined petroleum imports were divided among tank ships operating under French flag."

"Under existing agreements, the French Government in 1936 reimbursed four subsidised companies to the extent of $33,000,000 operating deficit."

"Subsidy estimates for the French Merchant Marine for 1948 amounted to over $17,000,000."

B. LOANS AND GRANTS

"In the late 20's, contracts were made between the Government and the Credit Foncier (a semi-official credit institute) with the Government guarantee to pay any interest contribution. The interest contribution on the part of the Government was $220,000 annually between 1928 and 1933. From 1933 to 1936, it was $201,000 annually. From 1937 to 1940, the grant for interest payment was $265,000 annually and increased to $576,000 annually from 1938 through 1941."

"In 1938 the French National Office of Liquid Fuels was authorized to grant loans to the French Petroleum Transport Company of almost $6,000,000 bearing 2½% interest."

(Appendix E, Shipping Subsidies).

GERMANY

"Established and experienced shipowners are supported by the Government in the way of shipbuilding loans. Firms which give shipbuilding credit are exempt from taxation on interest. This has led to the formation of several new small shipping companies mostly managing only one or two vessels for the coastal trade."

(Extracts from "Shipping World" ---
January 14, 1953.)

"When all the vessels (contemplated) have been completed, the German merchant fleet will amount to about 2,100,000 tons gross. But this is not the limit of the expansion which is visualized in Germany. Speaking at Bremen recently, the Federal Minister of Transport stated that the objective remained a fleet of about 3,500,000 tons gross, which would be not far short of the prewar total. A fleet of this size of course, would re-establish Germany as a major maritime power."

"Figures published reveal that the method of financing the construction of ships has been largely by loans, most of which, it would appear, are on an interest-free basis. Differing figures for the total cost involved are given, the Ministry of Transport report quoting an overall cost of 2,200 million marks and the Hamburg journal one of 1,690 million marks. The lower figure is equivalent to about 1,300 marks (116) per ton gross, or about 72 per ton deadweight. The Hamburg journal gives a figure of 627 million marks, equivalent to only 37 per cent of the whole, as the direct contribution of German shipowners to the total cost. The proportion of direct shipowners' contribution has varied from as low as 16 per cent for the 1950 programme to 80 per cent for the tanker programme. The balance of the cost is stated to be derived from reconstruction loans (421 million marks), E.R.P. counterpart loans (300 million marks), and unemployment relief funds (23.5 million marks) with 314 million marks raised by shipowners on bill credits on which annual interest of about 20 million marks is payable. Some of these figures are duplicated in the Ministry of Transport report, but in addition, the very considerable sum of 850 million marks is attributed to 'loans and advances made available as a result of para 7 (d) of the income tax regulations'. This is believed to refer to an arrangement whereby firms which had made profits were allowed to avoid the payment of income tax on them if they made them available as loans to shipowners on an interest-free basis. This arrangement, it is understood, has recently been terminated, with a resulting increase in the difficulties that German shipowners are encountering in financing new construction."

(The shipping World, September 2nd, 1953.)

GREECE

"The privately-owned Greek ocean-going fleet, operating with little state aid, has been recognized as a significant competitor in world shipping, particularly in the tramp trades. Low taxation enabled Greek shipowners to operate without benefit or subsidies even during the years of depressed freights. Since the war, however, competitive advantages have been offset by minimum wage and hour legislation enacted shortly after the liberation of Greece. Shipowners have, as a result, in many cases registered new vessels under foreign flags to escape government regulations. The government, on the other hand, has,

by restricting the use of insurance proceeds arising out of war losses, endeavoured to bring owners to replace their former fleets with new vessels on the Greek register."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

GREEK SUBSIDIES FOR FOREIGN REPAIRS

"We are advised by the Saporta Agency Co., Piraeus that in order to attract foreign vessels to Piraeus and other main Greek ports, the Greek Government has decided to grant a 40% subsidy towards the cost of all repairs to foreign ships in Greek shipbuilding and repairing yards."

"Under this arrangement the value of any foreign currency imported into Greece to pay for ship repairs will be increased by 40%."

(Extract from shipping and Shipbuilding Record, January 8, 1953.)

INDIA

"The Indian Government has committed itself to a plan to form three shipping corporations and to assume a controlling interest in each. Under the scheme, the government will underwrite any losses incurred during the first five years of operation."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission).

"A programme of financial assistance to Indian Companies for acquisition of additional tonnage during 1951-56 has been drawn up..."

(Extract from Shipping World, March 12th, 1952.)

ITALY

"Prior to World War II, the Italian Government promoted the expansion and modernization of the merchant marine by intervening in the management and ownership of shipping and shipbuilding organizations, granting liberal bounties, subsidies, and building loans, and, in a variety of ways, extending indirect aid."

"A reconstruction programme approved by the government in March, 1949 is intended to add from 230,000 to 235,000 tons of modern shipping to the war depleted merchant fleet. Under the plan, state-controlled and private shipping companies will benefit from subsidies and tax exemption. Subsidies of up to one-third of the cost of new vessels are provided from a fund of 34,000 million lire ($57.8 million at $0.0017 to the lire.)"

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. CONSTRUCTION AIDS

"Finmar, a Government owned holding company was formed in 1938 with a capital of $47,340,000. Finmar took over the stock majority of the four Italian liner companies and financed the construction of ships for the reorganized lines."

"A shipbuilding subsidy law was passed in 1938, and the appropriations under the law were as follows:

$2,600,000 for fiscal year 1937-38
$5,200,000 for each fiscal year 1938-39 to 1946-47
$2,600,000 for fiscal year 1947-48"

"Under the law a bounty up to 50% of the import duly on foreign materials was paid for using Italian materials."

"Also a construction bounty (amortization contribution) based on inside volume of the ship and on the speed was granted to the operator."

"Under the new law March, 1949, approximately $66,000,000 was granted for new construction and modernization."

"A construction bounty (amortization contribution) is paid on vessels constructed under the provisions of the law. The construction bounty is based on the inside volume and the speed of the vessel."

"In addition the Government makes a supplementary contribution equal to one-sixth of the cost of the vessel upon the date of its entry into service."

B. OPERATING AIDS

"In 1932, operating subsidies were granted for one year to Italian cargo vessels not operating in regular contract services. The basis of the subsidy was calculated according to size, age and distance mailed. The subsidy was extended each year, 1932 through 1936. The total subsidy for the non-contract services for the five-year period was $20,802,500."

C. LOANS AND GRANTS

"The Institute of Naval Credit was authorized in 1933 to issue bonds worth $13,420,000 at 5%, the proceeds to be loaned to Italian shipping companies. The loans were State guaranteed with a fixed interest of 6.8% towards which the Government contributed 2.5%."

(Appendix E. Shipping Subsidies.)

ITALIAN SHIPBUILDING SCHEMES

"New light was shed on the Italian shipbuilding programme of the next few years when

Senator Cappa, the Italian Minister of Merchant Shipping in June last outlined his ideas concerning the new Shipbuilding Bill which in its amended form is soon to be submitted to both houses of Parliament for final approval. Owing to lengthy parliamentary procedure however the Bill is not likely to become law before well into 1954."

"...The Minister said that the details of the proposed law were to follow traditional practice. Shipbuilding and ship repairing companies were to be substantially compensated in respect of their purchases of Italian materials to bring costs in line with prices ruling elsewhere; furthermore imported materials were to be duty free. Another form of subsidy proposed was in the nature of assistance in meeting overheads. These measures should, the Minister emphasized, enable Italian shipbuilders, ship repairers and marine engineering establishments to compete on the international market."

"...The provisions of the new law will also apply to ships to be built in Italy to foreign account".

"Additional facilities, which, however, would be reserved for Italian owners only, would include a grant of 1½% p.a. towards capital interest, and State guarantee on loans made by financial corporations and others authorized to grant shipbuilding credits."

"It was probable he added that the extent of such financing would not exceed 40% of the total of building or repairing costs, a limit which had ruled in the past. On the whole, the cost of the state of the Ten Years Programme would in the opinion of the Minister initially amount to some Lire 12,000 million to Lire 14,000 million per annum (about 6,768,000 to 7,896,200.)"

"It was proposed to limit the state contribution to 27% of the entire building cost in respect of cargo vessels, and in the case of passenger vessels to 21% of the cost, as turnover tax of 5% must be deducted. In point of fact, the contribution would turn out to be 22% to 16% respectively. (Shipping and shipbuilding interests are already demanding that these contributions be exempted from the 5% tax.)"

"In the meantime the Saragat Law of March 1949 ... together with its supplementary law of July 25, 1952 have been extended to June 30, 1956... On the whole the extended Saragat Law envisages shipbuilding guarantees to be taken over by the State between the end of June 1952 and June 30 1956, totalling Lire 68,000 millions (about 38,353,000.) The extended law reduced the building contribution of the State in respect of oil tankers of more than 6,000 tons gross to about 22.8.6 per ton gross and from about 25,7.7d. which was the subsidy for tankers ordered to the end of 1952."

(Extract from "The Shipping World",
September 9th, 1953.)

RENAISSANCE OF ITALIAN SHIPPING

"...These advances (of the Italian shipbuilding industry) were made possible by the modernisation, with American financial assistance of the shipyards. The Ansaldo Co. for instance is reported to have received some 1½% million in Marshall Aid."

(Shipping and Shipbuilding Record, January 22, 1953.)

JAPAN

"JAPANESE SHIPBUILDING AND SHIPPING"

"... Press reports in Tolyo say that the Japanese Government is going to introduce a special iron and steel price adjustment system in the next fiscal year under which shipbuilders will get these metals at international prices instead of the higher Japanese prices they have been paying recently."

(Shipping and Shipbuilding Record, January 8, 1953.)

"JAPANESE SHIPBUILDING PRICES"

"That the Governments of many of our foreign competitors are not slow in coming to the aid of their maritime industries is a commonplace; and the latest evidence comes from the Tolyo correspondent of the Financial Times", who has reported that Japanese shipbuilding prices are expected to be reduced by some 10% mainly as a result of Government action in lowering the interest rates on loans and reducing the rate of "corporate and property tax".

"Under the new legislation, the interest on loans for shipbuilding purposes by the Japan Development Bank will be lowered from 7.5% to 3.5% and on loans from city banks from 11 to 5%."

"As a result of these moves...it is hoped to encourage shipowners to place orders by reducing the cost of a new ship by about 10%..."

"This action, if belated, at least shows that the Japanese Government is beginning to appreciate the importance of treating the maritime industries on a different footing from ordinary manufacturing industries, an attitude which the British Government persistently refuses to adopt..."

(Extract from "The Shipping World, September 23, 1953.)

NETHERLANDS

"Reconstruction of the Netherlands fleet has been largely a matter of private initiative. While a replacement scheme designed to balance the structure of the merchant marine has been announced by the Director General of Shipping, it is not known to what extent the government will participate."

"Traditionally, government aid has not been great, although direct financial assistance was extended to tide the merchant marine over the depressed 30's."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. LOANS AND GRANTS

"A limited liability company organized for promotion of national shipping interest and commonly called BENAS was formed in September, 1932."

"Full interest in BENAS loans was to be paid only if the operating account of the borrower showed a profit. The interest rate was 4½% and 5%, but only 2½% remained due (cumulative) in years when no profits were made.

"In 1935 and 1936 in addition to the BENAS loans, the Netherlands Government appropriated over $10,833,600 to be used as non-interest bearing credit by shipowners. No security was required. These loans were not redeemed and apparently became gifts to the Netherlands shipowners."

"August 1948, the International Bank for Reconstruction and Development loaned four Netherlands steamship companies $12,000,000 at 2½% interest. In addition to the 2½% rate, the companies will pay 1% commission to the bank and a service charge of 1/16% of the amount outstanding.

(Appendix E, Shipping Subsidies.)

NORWAY

"The Norwegian Government has offered no extensive assistance to the deep-sea merchant marine. Special depreciation allowances have been made in the case of ships purchased at inflated prices, and the shipbuilding industry has benefited by way of refunds of customs dues collected on imported construction materials."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

A. LOANS AND GRANTS

"Loans from the State Ship Fund are guaranteed by the Government with interest at 5%. Loans outstanding March, 1937, aggregated approximately $5,898,000."

"The Norwegian Government in July, 1936, approved a plan to guarantee loans to shipbuilding yards, totalling approximately $3,060,207 at 4½% interest."

"Loans outstanding by the Ship Mortgage Institute totalled $2,016,000 in 1947, interest at 4½%."

(Appendix E, Shipping Subsidies.)

PANAMA

"By imposing low taxes and few restrictions on shipowners, the Panamanian Government has attracted to its register a large volume of shipping, in most cases representing flag transfers. No direct subsidies are paid for shipping services."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

SPAIN

"Spain, before World War II, granted operating and construction subsidies as well as loans for building and modernising vessels to engage in regular trade to Spanish-speaking countries. At the beginning of 1949 the government reinstituted subsidy payments on foreign trade routes, appropriating 10 million pesetas for the purpose. Subventions have been paid regularly to Spanish companies engaging in Mediterranean Service. Including construction premiums, the sum of 76 million pesetas (nearly $7 million at $0.0916 to the peseta) is ear-marked for merchants marine assistance in 1949."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

SWEDEN

"Sweden has state funds available for ship construction loans at four per cent interest and in addition allows joint stock shipowning companies to write off their capital investments as rapidly as earnings permit. Through so-called "free depreciation", Swedish shipping firms may conceivably claim a depreciation allowance for the entire cost of a new vessel in the first year of its operation."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

UNITED KINGDOM

"For a hundred years, British shipping policy has supported free and unfettered access to world trade, and British shipowners have relied not on privileged treatment but rather on their competitive ability. What aid the state advanced benefited the liner companies through loans and loan guarantees, mail subventions, and Admiralty bounties. In the 1930's, however, the depressed condition of British shipping called for direct measures of relief which, in the British Shipping (Assistance) Acts of 1935 and 1936, took the form of operating subsidies of 2 million per annum for tramp shipping, and building loans totally 10 million to encourage replacement of old tonnage. A further Bill, widening the scope of direct assistance to tramp and liner shipping, was set aside owing to the outbreak of war in 1939."

"By December 1, 1948, the British Government had removed the chief controls exercised over the activities of deep-sea dry cargo shipping in the war and immediate post-war years, thus freeing shipowners

from state direction in determining the trades in which they may participate and the freight rates they must accept."

"To encourage British owners to invest in modern tonnage, the government has recently increased the depreciation allowance for tax purposes from twenty to forty per cent of the value of a new vessel in the first year of its operation. Thereafter, straight-line depreciation is allowed at five per cent. Shipowners may also carry losses forward in any given years up to the limit of six years, thus enabling them to average good and bad periods of operation."

(Appendix A, 1949 Annual Report,
Canadian Maritime Commission.)

UNITED STATES

There would seem to be little point in describing the United States subsidy program in detail, as all the world knows that the United States merchant marine depends on this program for its very existence. The Canadian Maritime Commission, for instance says:

"Assistance to shipping has been guarded as indispensable to the operation of the United States mercantile fleet. Under the Merchant Marine Act of 1936, the United States Government pays construction and operating subsidies intended to achieve parity between costs of domestic and foreign shipbuilders and operators."

"Construction differential subsidies, separately determined for each new vessel, amount to approximately forty-five per cent of building costs. Since 1936, the government has contributed $341,000,000 towards the building of 247 vessels."

"To qualify for an operating differential subsidy a shipowner must be prepared to furnish adequate service on a trade route shown, by an analysis of trade requirements, to be essential to the needs of American commerce. Whenever a recipient shipowner earns, over a ten-year period, profits in excess of ten per cent of the capital employed, all or part of the operating subsidy is recaptured by the government. The twelve shipping companies which have benefited from operating subsidies will, by all indications, be in a position to return to the United States Maritime Commission a substantial portion of the amounts paid to them, leaving a net expenditure by the government of approximate $24,000,000 in operating aid."

"Participation in the coastal, intercoastal and non-contiguous trades of the United States is restricted to American shipping."

"Since the war, the Merchant Ship Sales Act of 1946 has enabled the government to offer for sale, with American operators granted prior rights to purchase, a considerable part of the war-built merchant fleet at prices well below the cost."

"Under the Foreign Assistance Act 1948, at least fifty per cent of European Recovery Plan cargoes must, as far as possible, be carried in American ships."

(Appendix A, 1949 Annual Report, Canadian Maritime Commission.)

However, some highlights dealing with the origins, purposes, operations and cost of this program are relevant to the determination of Canadian policy. Canada is in a situation comparable to the United States in the matters of construction and operating costs, living standards, etc. and in a much more vulnerable position as regards dependence on overseas trade. The consideration motivating United States subsidy policies would seem to apply with even greater force in Canada.

The attitude of the late President Roosevelt on this question bears repeating: On March 4th, 1935, he sent Congress a message on the Merchant Marine. He said:

"I present to the Congress the question of whether or not the United States should have an adequate Merchant Marine".

"To me, there are three reasons for answering this question in the affirmative. The first is that in time of peace subsidies granted by other nations, shipping combines, and other restrictive or rebating methods may well be used to the detriment of American shippers. The Maintenance of fair competition alone calls for American-flag ships of sufficient tonnage to carry a reasonable portion of our foreign commerce."

"Second, in the event of a major war in which the United States is not involved, our commerce, in the absence of an adequate American Merchant Marine, might find itself seriously crippled because of its inability to secure bottoms for neutral peaceful foreign trade."

"Third, in the event of a war in which the United States itself might be engaged, American-flag ships are obviously needed not only for navy auxiliaries but also for the maintenance of reasonable and necessary commercial intercourse with other nations. We should remember lessons learned in the last war."

(Shipping Subsidies, Pages 8 & 10.)

From this message developed the Merchant Marine Act, 1936. The Act begins with a "Declaration of Policy":

"Section 101. It is necessary for the national defence and development of its foreign and domestic commerce that the United States shall have a merchant marine.

(a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times,

(b) capable of serving as a naval and military in time of war or national emergency,

(c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and

(d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel.

It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine."

(Merchant Marine Act, 1936, Section 101.)

The Act set up a Commission among whose duties was to implement the enunciated policy. These duties were spelled out, in part, as follows:

"Section 210. It shall be the duty of the Commission to make a survey of the American merchant marine, as it now exists, to determine what additions and replacements are required to carry forward the national policy declared in section 101 of this Act, and the Commission is directed to study, perfect, and adopt a long-range program for replacements and additions to the American merchant marine so that as soon as practicable the following objectives may be accomplished:

First, the creation of an adequate and well-balanced merchant fleet, including vessels of all types, to provide shipping service on all routes essential for maintaining the flow of the foreign commerce of the United States, the vessels in such fleet to be so designed as to be readily and quickly convertible into transport and supply vessels in a time of national emergency. In planning the development of such a fleet the Commission is directed to cooperate closely with the Navy Department as to national-defence needs and the possible speedy adaptation of the merchant fleet to national defence requirements.

Second, the ownership and the operation of such a merchant fleet by citizens of the United States insofar as may be practicable.

Third, the planning of vessels designed to afford the best and most complete protection for passengers and crew against fire and all marine perils."

"Section 211. The Commission is authorized and directed to investigate, determine, and keep current

records of -

(a) The Ocean services, routes, and lines from ports in the United States, or in a Territory, district, or possession thereof, to foreign markets, which are, or may be, determined by the Commission to be essential for the promotion, development, expansion and maintenance of the foreign commerce of the United States, and in reaching its determination the Commission shall consider and give due weight to the cost of maintaining each of such steamship lines, the probability that any such line cannot be maintained except at a heavy loss disproportionate to the benefit accruing to foreign trade, the number of sailings and types of vessels that should be employed in such lines, and any other facts and conditions that a prudent business man would consider when dealing with his own business, with the added consideration, however, of the intangible benefit the maintenance of any such line may afford to the foreign commerce of the United States and to the national defence;"

(Merchant Marine Act, 1936,
Section 210 & 211.)

It is interesting to note that the Act recognized that foreign shippers have ways of discriminating against the trade of other nations through discriminatory rates, rigged insurance rates, etc. The Maritime Commission is ordered by the Act:

"(c) To investigate, under the regulatory powers transferred to it by this Act, any and all discriminatory rates, charges, classifications, and practices whereby exporters and shippers of cargo originating in the United States are required by any common carrier by water in the foreign trade of the United States to pay a higher rate from any United States port to a foreign port than the rate charged by such carrier on similar cargo from such foreign port to such United States port, and recommend to Congress measures by which such discrimination may be corrected."

(Merchant Marine Act, 1936, Section 212 (e)

It should be noted that the Act did not ignore the rights of Organized Labor:

"Section 301. (a) The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping and, after making such investigation and after appropriate hearings, to incorporate in the contracts authorized under title VI and VII of this Act minimum manning scales and minimum wage scales, and minimum working conditions for all officers and crews employed on all types of vessels receiving an operating-differential subsidy. After such minimum manning and wage scales, and working conditions shall have been adopted by the Commission, no change shall be made therein by the Commission except upon public notice of the hearing to be had, and a hearing by the Commission shall prescribe. The duly elected representatives of the organizations certified as the proper collective bargaining agencies shall have

the right to represent the employees who are members of their organizations at any such hearing. Every contractor receiving an operating-differential subsidy shall post and keep posted in a conspicuous place on each such vessel operated by such contractor a printed copy of the minimum manning and wage scales, and working conditions prescribed by his contract and applicable to such vessel;

PROVIDED, HOWEVER, That any increase in the operating expenses of the subsidized vessel occasioned by any change in the wage or manning scales or working conditions as provided in this section shall be added to the operating-differential subsidy previously authorized for the vessel."

(Merchant Marine Act, 1936,
Section 301.)

"(b) For a period of one year after the effective date of this Act, upon each departure from the United States of a passenger vessel in respect of which a construction or operation subsidy has been granted, all licensed officers shall be citizens of the United States as defined above, and no less than 80 per centum of the crew (crew including all employees of the ship other than officers) shall be citizens of the United States, native-born or completely naturalized, and thereafter the percentage of citizens as above defined, shall be increased 5 per centum until 90 per centum of the entire crew, shall be citizens of the United States, native-born or completely naturalized."

In laying down the conditions for qualifying for a Construction-Differential Subsidy, the act reiterates the objective of the fostering national trade and defence policy:

"(a) Any citizen of the United States may make application to the Commission for a construction-differential subsidy to aid in the construction of a new vessel, to be used on a service, route, or line in the foreign commerce of the United States, determined to be essential under section 211 of this Act. No such application shall be approved by the Commission unless it determines that

(1) the service, route, or line requires a new vessel of modern and economical design to meet foreign-flag competition and to promote the foreign commerce of the United States;

(2) the plans and specifications call for a new vessel which will meet the needs of the service, route, or line, and the requirements of commerce;

(3) the applicant posses the ability, experience, financial resources, and other qualifications necessary to enable it to operate and maintain the proposed new vessel in such service, or on such route or line, and to maintain and continue adequate service on said route or line, including replacement of worn out or obsolete

tonnage with new and modern ships; and

(4) the granting of the aid applied for is reasonably calculated to carry out effectively the purposes and policy of this Act."

"(b) The Commission shall submit the plans and specifications for the proposed vessel to the Navy Department for examination thereof and suggestions for such changes therein as may be deemed necessary or proper in order that such vessel shall be suitably for economical and speedy conversion into a naval or military auxiliary, or otherwise suitable for the use of the United States Government in time of war or national emergency. If the Secretary of the Navy approves such plans and specifications as submitted, or as modified, in accordance with the provisions of this subsection, he shall certify such approval to the Commission."

(Merchant Marine Act, 1936,
Sections 501, (a) and (b).

Very much the same conditions apply in qualifying for an Operating-Differential Subsidy under Section 601 of the Act.

It is significant that, far from reducing subsidies in line with its stated multilateral trade policy, the United States is increasing them:

"NEW U.S.A. SHIPPING BILL SUBSIDIES FOR ALL FOREIGN TRADE VESSELS"

"The Major points of new Act are as follows:

1. The Government subsidies, formerly given only to vessels using essential trade routes defined by the Government, are now given to all vessels engaged in foreign trade.

2. The replacement on merchant vessels has been reduced from 17 years to 12 years thus encouraging their earlier replacement by the Government.

3. Loans are provided on passenger ships, limiting the liability of the owner to the vessel involved instead of extending the liability to all ships in his fleet.

4. The top salary rate of $8,900 to employees of companies receiving Government subsidies has been removed, but the companies must bear the cost of any increase.

5. Provision is made for prolonging the service of a merchant ship for depreciation purposes when it has been reconstructed and modernized to Government specifications."

(Extracts from "The Shipping World"
of July 30, 1952.)

The weekly "U.S. News and World Report" carried in its issue for July 25, 1952, an article on shipping subsidies headed:

"U.S. Priced Off Seas?"

"It takes subsidy to keep most ships operating. Private firms can't meet the competition unaided. But U.S. needs the fleet so Government has to foot much of the bill".

The article then deals with the case of the super-line "United States".

> (It) "already has cost the taxpayers 48 million dollars to build.
> It may cost them another 4 million a year in operating subsidy.
> It cost the shipping line that owns it about 30 million dollars".

The article states that about $26 million of the $48 million subsidy covers the cost of defence features such as an extra hull, extra engines, etc.

"The upshot is a construction subsidy of about 22 million dollars, after all adjustments are made."

"Unofficial estimates are that it will cost about 15.7 million dollars a year to operate the United States. Under the British flag, operating costs would be about 11.5 million. The difference, 4.2 million dollars will be paid to the owners of the United States, to put them on an equal competitive footing with their British rivals."

"The idea is to maintain an American-owned and American-manned fleet where national interest demands it."

"Between the start of direct subsidies in 1938 and the end of 1950, net operating subsidies amounted to 101 million dollars. Net construction subsidies were 109 millions. The total, for 12 years, was 210 million. By comparison, the United States paid Britain about 100 million dollars during World War II to transport soldiers in two ships alone - the Queen Elizabeth and the Queen Mary."

"In years ahead, however, subsidies probably are going to skyrocket. A new plan just approved by Congress authorizes a construction subsidy for any ship going into foreign trade, including freighters on irregular schedules, tankers and ore ships."

In 1951, the skyrocketing was already in evidence. In the course of one year the net operating subsidies alone paid by the United States amounted to $46 million, or almost half of what had been paid in the previous thirteen years.

Subsidized Operators Combined Summary of Operating-Differential

SUBSIDY AND RECAPTURE THEREOF FOR THE 14 YEARS ENDED DECEMBER 31, 1951

Subsidy:	
Received to December 31, 1951	$ 90,508,918
Accrued at December 31, 1951	168,041,444
TOTAL	258,550,362
PERCENT	100
Recapture:	
Paid to December 31, 1951	28,367,602
Accrued at December 31, 1951	83,024,436
TOTAL	111,392,038
PERCENT	43
Net Subsidy	147,158,324
PERCENT	57

APPENDIX F

"COMPARISON OF UNITED STATES AND FOREIGN SHIPOWNERS TAX TREATMENT"

"Under date of June 7, 1951, Price, Waterhouse & Co., a nationally known firm of public accountants, prepared for one of the Federation members a study of the tax situation of shipping companies operating under the laws of various countries. This study was primarily concerned with rates of tax, treatment of capital gains arising through insurance indemnities for sales of fixed assets, depreciation allowances and other unusual provisions of the laws."

"The study dealt with the laws of Sweden, Norway, the Netherlands, France and the United Kingdom. It is summarized as follows:

1. Tax rates in these foreign countries are generally lower than the prevailing United States rates.

2. While capital gain on sales of vessels is taxable here at 25%, capital gains on sales of vessels are

(a) tax deferred in three of the countries if reinvested in new tonnage and the gain is applied to reduce the book value of the new ship,

(b) considered as ordinary income in two countries, and

(c) taxed at a lower rate than for ordinary income by the United States.

3. The excess of the insurance indemnity over the book value of a vessel is

(a) not taxable in four of the countries if reinvested in new tonnage and the gain is used to reduce the carrying value of the replacement;

(b) taxable as ordinary income in Sweden, and

(c) not subject to tax in France.

While in the United States indemnity is taxable at 25% or deferred if I.R.C. Section 112 (f) relative to involuntary conversion is availed of and gain is applied to reduce carrying value of replacement.

4. Three of the six countries permit as taxable deduction provisions to establish reserves for anticipated future heavy repair expenses such as periodic classification surveys. In the United States this is on a cash basis.

5. All but two of the countries have some provision for carrying back and/or forward of operating losses. In the United States operating losses can be carried back one year and excess carried forward five years (unused excess profits credit carry over, one year back than five years forward).

6. Although in the United States depreciation is on a cost basis with a 20-year life expectancy and with no provision of accelerated depreciation, such is not the case in the foreign countries studied."

"The depreciation allowances permitted in foreign countries are considerably more flexible than those available to American flag fleets and many provisions have the effect of granting accelerated depreciation, and advantage not presently available to American companies. Some of these provisions are noted briefly below:

France and The Netherlands permit the revalorization of assets as decribed earlier herein.

Norway and Sweden permit the taxpayer to write off in the year of acquisition, or to amortize "over-price", the amount by which actual cost exceeds cost considered to be "normal".

France and Sweden permit as a deduction any depreciation which is booked, Sweden also permits the taxpayer to utilize in a future year any depreciation which has not benefited the company from a tax standpoint.

The United Kingdom permits the taxpayer to write off 40% of the cost of a vessel plus normal depreciation in the year of acquisition and to carry forward without time limit any depreciation which exceeds the profit for the year.

The Netherlands permit a special depreciation allowance equal to 33 1/3% of the cost of fixed assets acquired or contracted for between December 31, 1949 and January 1, 1953."

(Appendix F. Shipping Subsidies, page 24).

Source: Merchant Marine Studies, Hearings before a Sub-Committee of the Committee on interstate and Foreign Commerce, United States Senate, Eighty-Third Congress, First Session, on Merchant Marine Studies, 1953, Part I, page 138.

Subtracting the net subsidy of $147 million shown by the table at the end of 1951 from the $101 million quoted by the article above for the end of 1950 we get a net operating subsidy of $46 millions for the year 1951.

On October 3rd 1953, the magazine Business Week also carried an article on shipping subsidies:

"Since the passage of the Merchant Marine Act of 1936, Washington has paid out nearly a billion dollars in subsidy to the marine industry. The great bulk of this comes in three categories: construction differential subsidies, repricing of war-built ships, and operating differential subsidies".

Business Week's figures, which are apparently gross - including recapture - are broken down as follows:

I. Operating-Differential Subsidy. $204 million. (Apparently gross figures to the end of 1950.)

II. Construction Differential Subsidy: $342.5 million. (The gross subsidy was $426 million for the 246 ships constructed under the program but ships valued at $83.7 million were apparently repurchased by the Marine Commission.)

III. Sales of World War II ships Below cost: $230.6 million. (Apparently 116 ships had their sales prices adjusted downward.

"This resulted in another subsidy in which the government paid an additional $239,553,371").

IV. Additional benefits: No figure given.

(No tax is paid on ship replacement funds until the new ship is built and turned over to the operator. In addition the Maritime Administration finances purchase of ships: the operator may pay about 25% cash and the balance over 10 or 15 years.)

P A R T V

CANADIAN MARITIME COMMISSION

Organized Labour was one of the foremost groups in the country which promoted the netting up of a Canadian Maritime Commission. Prior to the Commission being established in 1947, the representations made by Organized Labour to the Government in connection with the Canadian Maritime Commission included an outline of the administrative scope necessary for the effective operation of this agency. Many of our recommendations were taken from the maritime legislation found in other shipping and shipbuilding nations.

Organized Labour was hopeful that the Commission would provide for Labour representation at the Commissioner level. This was not done and Labour representation was confined to the appointment of three Advisory Committee Members out of an advisory set-up of over fifty persons, the majority of whom are from the employer groups; therefore, we feel that the Commission should be reorganized to permit a Labour representative being appointed a Commissioner and that Labour representatives be included in a number of Advisory Committees.

Upon the introduction of the Canadian Maritime Commission Act in 1947, Organized Labour was aware of the advisory restrictive role the Commission was confined to, as found in the operative sections set out below: -

Section 6. The Commission shall consider and recommend to the Minister from time to time such policies and measures as it considers necessary for the operation, maintenance, manning and development of a merchant marine and a shipbuilding and ship-repairing industry commensurate with Canadian maritime needs.

Section 7. The Commission may examine into, ascertain and keep records of,

(a) the shipping services between Canadian ports and from ports in Canada to ports outside Canada that are required for the proper maintenance and furtherance of the domestic and external trade of Canada;

(b) the type, size, speed and other requirements of the vessels that are in the opinion of the Commission should be employed in such services;

(c) the facilities in Canada for the construction, repair and reconditioning of vessels;

(d) the cost of the construction, repair and reconditioning of vessels in Canada and in other countries;

(e) the cost of marine insurance, maintenance, repairs, wages and subsistence of officers and crews and all other items of expense in the operation of vessels under Canadian registry and the comparison thereof with similar vessels operated under other registry;

(f) such other matters as the Minister may request or as the Commission may deem necessary for carrying out any of the provisions or purposes of this Act.

Section 8: The Commission shall

(a) exercise and perform on behalf of the Minister such powers, duties, and functions of the Minister under the Canada Shipping Act, 1934, as the Minister may require;

(b) administer, in accordance with regulations of the Governor in Council, any steamship subventions voted by Parliament; and

(c) exercise or perform any other powers, duties or functions conferred on or required to be performed by the Commission by or pursuant to any other Act or order of the Governor in Council.

We were hopeful that the Act would be extended to provide a wider jurisdiction to the Commission, as found in the Merchant Marine Acts of other maritime nations, on the subject matters set out in the operative sections of the Act. However, it would appear that the Commission has written off the future of Canada's shipping and shipbuilding industries as far back as 1949 when it published a report dated June 30th of that year, which can be shown in Paragraphs 11, 12 and 13 of "Summary of Reports", Second Report of the Canadian Maritime Commission, quoted below: -

Paragraph 11: "The cost of operating a Canadian flag ship is the second highest in the world. In comparing the daily operating costs (excluding fuel oil and depreciation) of similar ships of nine nations, the United States comes first with the sum of $972.52, Canada comes second with $810.50, the United Kingdom ranks sixth with $525.46 and Italy is last with $421.71.

Paragraph 12: Subject to the qualifications contained in this Report the cost of construction of a ship in Great Britain is approximately 25% less than the cost of construction of a similar ship in Canada.

Paragraph 13: Having regard to cost of construction and operation and taking trade balances into consideration, it is inadvisable as well as uneconomic for Canada to consider the construction and operation of a Canadian flag, ocean-going merchant marine of sufficient dimensions to accommodate all her export trade or any fixed percentage thereof."

It would appear that the policy of the Commission is to have the agency continue as a fact-finding body without a positive objective of promoting Canada's maritime position.

P A R T VI

SHIPBUILDING AND SHIP REPAIRING INDUSTRY TO BE COVERED BY THE INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION ACT.

Recognition of the national importance of the shipbuilding and ship repairing industry was shown by the Federal Government in placing the industry under the jurisdiction of the National War Labour Board established under P.C. 9384, dated December 9th, 1943, in the matter of wage control.

Whereas other industries such as manufacturing, steel-making, etc., were first obliged to deal with Regional War Labour Boards, and then in the case of appeal, to deal with the National Board, this was not the case in shipbuilding.

With the passing of Bill 338 in 1947, known as the Industrial Relations and Disputes Investigation Act, the shipbuilding and ship repair industry was not set out as one of the industries of national import and was not included within the Section covering application of the Bill.

Like airports in the air transportation industry, the shipyards service craft which are not only inter-provincial but international in operation. Section 53, Sub-section (e) places airports, aircraft and lines of air transport under the National Labour Code. This section also places radio broadcasting stations under the National Labour Code. It is our contention that Canadian shipyards can be shown as a servicing industry more inter-provincial or international than a radio broadcasting station.

Section 53, Sub-section (a) provides coverage under the National Labour Code for "works, undertakings or businesses operated or carried on for or in connection with navigation and shipping, whether inland or maritime, including the operation of ships and transportation by ship anywhere in Canada". We contend that a shipyard is a business "carried on for and in connection with navigation and shipping", and therefore, should also be covered by the National Labour Code. Sub-section (g) of Section 53 provides for the inclusion of shipyards under the jurisdiction of the National Labour Code without any amendment of the Act being necessary.

P A R T VII

RECOMMENDATIONS

We believe that the foregoing survey, while not necessarily complete in all respects, amply demonstrates the need for immediate remedial action if Canada is to regain a status in world shipping and if the shipbuilding and ship repairing industry is to remain an essential part of Canadian defence and economy.

We therefore offer the following recommendations as a programme for immediate action by the Canadian Government:

(1) That the Government restrict the coastal and inland trade of Canada to vessels registered, built, repaired and maintained in Canada.

(2) That the Government enact the immediate planning of a Canadian merchant marine and that Canada's inadequate and obsolete merchant marine fleet be replaced by modern, fast, refrigerated (where necessary) cargo ships.

(3) That a national shipping policy be enacted whereby Canadian shipping engaged in foreign trade in and out of Canadian ports be encouraged by subsidies, conditional upon the construction, repair, and maintenance, of their ships in Canadian shipyards.

(4) That the scope of activities of the Canadian Maritime Commission Act be enlarged and amended so as to provide for labour representation on the Commission and to permit that agency to carry out a policy of aid and assistance to Canada's shipping and shipbuilding industries, as carried out by similar Commissions in other maritime nations. Also that the Government call upon the Commission to revise its policy of "abandonment".

(5) That the Shipbuilding and Shiprepairing industry be brought under the National Labour Code whereby fair minimum national labour standards would be possible.

(Also submitted in English. The French version is the official one)

LA CONFEDERATION DES TRAVAILLEURS CATHOLIQUES DU CANADA

et de

LA FEDERATION NATIONALE DE LA METALLURGIE

(Juillet 1955)

AVANT-PROPOS

"Nous ne répéterons pas les erreurs passées".

Il y a dix ans, feu Ian A. Mackenzie, alors Ministre des anciens combattants, adressait une lettre aux chantiers maritimes de Vancouver.

Dans cette lettre le Ministre des Anciens combattants agissant au nom du gouvernement canadien, remercie les ouvriers des chantiers maritimes pour leur contribution qui a aidé à gagner la guerre".

La lettre revoit brièvement la qualité et l'étendue de l'industrie canadienne, de construction et de réparation maritimes.

Elle mentionne ensuite la politique du gouvernement de "lancer pour de bon le Canada dans la construction de navires" et de transporter, dans ces navires, "le commerce du Canada aux quatre coins du monde". "Nous ne répéterons pas les erreurs passées, disait Mackenzie.

Cependant, dans les années d'après guerre, les navires marchands à cargaison sèche que le Canada avait construits durant la guerre ont été réduits à moins d'un cinquième d'un million de tonnes, soit, en date du 31 mars 1954, 29 bateaux battant pavillon Canadien. Nous avons vu baisser le volume de construction et de réparation maritimes, d'une valeur de $376 millions qu'elle était en 1943 à $96 millions en 1953. Et le nombre de Canadiens embauchés dans l'industrie de construction et de réparation maritimes de ce pays est tombé de 78,500, soit le plus haut niveau de 1943, à 24,000 en 1954.

Nous croyons que le Canada devrait reprendre la place qui lui revient comme constructeur maritime important, tel que proposé par Ian A. Mackenzie dans sa lettre.

L'industrie de construction maritime a été en mauvaise posture depuis 1948 et y est demeurée. La construction maritime proprement dite est pratiquement disparue et les réparations et les conventions sont pratiquement à un point mort depuis 1951. Notre programme naval n'a même pas suffi à produire une hausse significative, mais a été cause d'un chômage massif, avec tous ses effets économiques, pour ceux qui s'étaient fait une carrière dans l'industrie de la construction et de la réparation maritime.

Il n'y a aucun doute qu'une industrie maritime stable requiert du gouvernement un programme plus étendu de construction maritime et qui accordera une représentation équitable à tous les chantiers maritimes canadiens.

J. V. Clyne, premier président de la Commission maritime canadienne a été cité dans le Montreal Daily Star du 27 juillet 1948, comme suit: "L'accroissement de la flotte marchande canadienne marchera de pair avec toute expansion du commerce du Dominion avec les pays du monde ...."

"La Commission maritime se propose de garantir le développement soutenu de la flotte du Canada pour faire face à la concurrence de tout autre pays".

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PREMIERE PARTIE

L'HISTOIRE DE LA CONSTRUCTION MARITIME DU CANADA

D'après le "Rapport en faveur de la construction maritime" (L'Association canadienne de construction et de réparation maritimes 1944).

La construction et la réparation maritimes au Canada n'est pas seulement une industrie de temps de guerre mais une industrie essentielle à la vie économique et nationale du Canada.

La construction de bateaux est une des plus vieilles industries du Canada. L'histoire rapporte que les premiers vaisseaux construits dans la Nouvelle-France furent deux petites embarcations bâties en l'année 1606.

En 1731, le ministre français de la marine, Monsieur de Maurepas, réalisant l'importance de l'établissement d'une industrie de construction maritime dans la colonie nord-américaine, offrit une prime pour chaque navire marchand construit dans la colonie et vendue en France ou dans les Indes Orientales françaises. Comme résultat de cet encouragement, un chantier maritime fut établi sur les rives de la rivière St-Charles, Québec et en 1732, dix navires marchands furent construits au cours de l'année. On peut dire que l'industrie de la construction maritime est devenue une entreprise commerciale à compter de cette date.

En 1759, des Canadiens de descendance française et de descendance anglaise se lancèrent dans la construction maritime comme moyen d'utiliser les énormes ressources forestières de la colonie et le talent naturel des colons pour la fabrication d'embarcations flottantes.

Entre 1800 et 1840, les chantiers maritimes dans le Québec et les provinces maritimes étaient bien établis dans la construction de bateaux de dimensions considérables pour cette période. Alors que quelques petites embarcations furent conservées par des propriétaires canadiens, la plupart des plus gros bateaux furent chargés de bois et envoyés au Royaume-Uni pour être vendus.

Parmi les bateaux offerts, ceux qui se vendaient plus rapidement étaient les gros transports de marchandises, bien assemblés, d'un prix raisonnable et très appropriés pour plusieurs commerces importants. Une analyse du régistre maritime de Liverpool, Angleterre, pour l'année 1843, révèle que des 805 vaisseaux enregistrés, ceux qui furent construits dans Québec et les provinces maritimes représentaient 35% de la flotte.

Entre les années 1850 et 1860, la construction maritime au Canada pour les acheteurs britanniques devint une des principales industries du pays et même les chantiers maritimes sur les Grands Lacs construisaient des bateaux à voile pour les voyages océaniques. Alors que la construction de bateaux à voile pour vente au Royaume-Uni fut une importante

entreprise industrielle canadienne durant plus de 60 ans, plusieurs compagnies canadiennes se consacrèrent à l'opération de navires et aux entreprises commerciales. Avec un début modeste durant les premières années du 19ième siècle, la possession de navires se développait avec chaque décade et vers 1860, la marine marchande canadienne de haute mer commença à s'emparer d'un important pourcentage du commerce mondial. Vers 1880, les premirs signes du déclin apparurent. La Grande Bretagne avait construit de fer et d'acier une puissante flotte de voiliers contre laquelle les Canadiens éprouvèrent de plus en plus de difficulté à soutenir la concurrence pour l'obtention des plus lucratives cargaisons. Le gouvernement du Dominion du temps ne fit preuve que de très peu d'intérêt pour ce qui se passait. Les armateurs canadiens essayèrent de prévenir la débâcle imminente en achetant des voiliers de fer et d'acier construits en Angleterre et quand ceux-ci échouèrent dans la tentative d'éloigner la catastrophe qui menaçait les embarcations à voiles, quelques armateurs achetèrent des chantiers anglais, des navires à vapeur en acier et une firme de St-Jean continua d'opérer une flotte de navires à vapeur pour le commerce à la cueillette, jusqu'à la 1ère guerre mondiale.

En 1908, une firme importante de Nouvelle-Ecosse construisit en acier la goélette trois-mâts "James William". Ce fut le seul bateau à voiles en acier jamais construit au Canada. Quand la belle marine marchande canadienne qui existait dans les 1880 et 1890 disparut, des centaines de capitaines, officiers et matelots, natifs du pays, se trouvèrent sans occupation. Il n'y avait pas de travail pour eux dans les ports canadiens ou sur les navires canadiens. Plusieurs parmi les plus âgés se retirèrent pour occuper des emplois sur la terre ferme mais des centaines s'embarquèrent sur des bateaux anglais et américains et ainsi poursuivirent leur carrière et s'établirent outre-mer, contribuant, par la force des circonstances, d'une façon importante, à l'avancement de la marine marchande. La tragédie qui les atteignit eut sa contrepartie dans les chantiers maritimes de Québec et des provinces maritimes. Des dizaines de milliers de personnes, spécialisées dans la construction de navires, se trouvèrent sans travail. Avec le temps, elles furent absorbées par d'autres industries ou purent continuer, d'une manière plus restreinte, à occuper leur emploi de prédilection.

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L'ERE DE LA PROPULSION PAR LA VAPEUR

Dans le développement du transport à vapeur, le Canada a poursuivi sa marche avec les pionniers. En 1809 à Montréal, John Molson, construisit le petit vapeur à roues " Accommodation ". En 1816, les Canadiens introduisirent le premier bateau à vapeur qui naviga sur les Grands Lacs.

En 1831, le " Royal William " fut construit pour faire la navette entre Québec et la Nouvelle-Ecosse. Samuel Cunard fut un des directeurs de la compagnie; quelques années plus tard, il fonda la fameuse compagnie transatlantique qui porte son nom. Les premiers bateaux à vapeur qui naviguèrent dans les eaux canadiennes; importèrent leurs moteurs d'Angleterre mais en 1819, il est rapporté que la Eagle Foundry de Montréal, construisit un moteur marin à vapeur. Ce fut le premier du genre construit au Canada.

Avec l'introduction, en 1840, de coques de fer pour les bateaux, les opérateurs de bateaux à vapeur canadiens ne furent pas lents à reconnaître la valeur de telles coques dans les eaux où se formaient des glaces. Deux bateaux à vapeur en fer furent construits en Ecosse, expédiés ici en sections et assemblés à Montréal. Cette pratique de sectionner, pour expédition les petits navires de fer et de les assembler au Canada, fut exercée durant de nombreuses années. Car, même si le pays possédait des chantiers maritimes capables de construire des bateaux en bois de grandes dimensions , ce ne fut pas avant les 1860 qu'on tenta au Canada, de construire avec du fer, des navires à vapeur assez gros. Sauf pour la construction de bateaux à vapeur pour la navigation fluviale, des bacs, de petits caboteurs, de remorqueurs et de bateaux-annexes, ainsi que pour l'assemblage d'embarcations construites ailleurs, la construction au Canada de bateaux à vapeur avec du fer et de l'acier ne progressa que très peu jusqu'en 1887. En 1892, le premier navire à vapeur construit en acier fut lancé sur la lac Ontario. A Lévis, Qué. le bac à vapeur à roues " Champion " fut lancé. A la fin du 19e siècle, le Dominion possédait quatre cales sèches de premier ordre sises à Halifax, Lévis, Kingston et Esquimalt. De plus, il existait un certain nombre de cales sèches plus petites, de bassins flottants, de vaisseaux maritimes et de grils de carénage sis à Collingwood, Québec, Montréal, Sorel, Sydney, Halifax, Pictou et ailleurs. Il y a 50 ans, les cales sèches canadiennes étaient déjà équipées pour y recevoir les plus gros océaniques à vapeur du temps et pour les réparer. Avec le début du 20ème siècle, lorsque la construction de gros navires en bois cessa complètement, le fleuve St-Laurent développa l'industrie de la construction en acier de gros navires à vapeur et l'opération sous pavillon canadien, de flottes importantes de vaisseaux à vapeur commerciaux. En 1902, le premier chantier maritime canadien sur les Grands Lacs fut établi à Collingwood, Ontario, pour la construction et la réparation de navires à vapeur en acier faisant le commerce dans ces eaux. La cale sèche existante fut agrandie et il fut possible d'y faire entrer les plus gros navires à vapeur en usage sur les grands lacs, à cette époque.

Dans les années de 1900 à 1914, les constructeurs de navires canadiens, particulièrement sur les Grands Lacs et sur le fleuve Saint-Laurent, agrandirent leurs installations pour la mise au bassin, la réparation et la construction de navires à vapeur. En 1912, une cale sèche bien équipée pour la construction de navires en acier fut établie à Port Arthur. A Montréal, en 1912, Canadian Vickers Limited établit un chantier maritime de construction et de réparation, avec bassin flottant. Sur la côte du Pacifique, un navire à vapeur en acier fut construit et les chantiers maritimes furent employés à la construction et à la réparation de navires.

A Prince Rupert, en 1913, un bassin flottant fut construit par le gouvernement canadien. A St-Jean, Nouveau Brunswick, on construisait une cale sèche destinée à recevoir les plus gros navires en usage et dans le Québec, en 1914, on creusait une autre cale sèche, identiques à celle de St-Jean.

Dans les années qui précédèrent la première grande guerre, la construction, au Canada, de navires d'acier se développa considérablement et les chantiers du pays produisirent des navires de presque tous les genres requis au Canada pour la navigation fluviale et côtière et pour le service du gouvernement. Aucun des vaisseaux construits au Canada jusqu'en 1914, n'était pour le service trans-océanique. La marine canadienne de haute mer avait disparu et tous les navires pour la flotte canadienne du Pacifique et de l'Atlantique, furent construits au Royaume-Uni alors que les chantiers maritimes du pays obtenaient quelque peu l'encouragement des armateurs canadiens pour la construction de bateaux destinés au commerce intérieur. Un nombre considérable de telles embarcations furent construites en Grande-Bretagne. Ces nouveaux navires à vapeur joints aux fréquents achats de bateaux usagés des Etats-Unis privèrent les constructeurs canadiens d'un développement plus grand de leurs efforts, en plus d'introduire une concurrence difficile qu'il fallait affronter.

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JOURS PROSPERES DE LA PREMIERE GUERRE MONDIALE

Lorsque la première guerre mondiale provoqua une demande impérieuse sur le marché des navires, afin de remplacer ceux détruits par l'ennemi aussi bien que pour des navires nécessaires aux services de guerre, les chantiers maritimes et les usines de moteurs du Canada assumèrent tout à coup une position d'importance primordiale. A Cette époque de grave besoin, les constructeurs canadiens se préparèrent à remplir les commandes qui leur étaient adressées par les gouvernements anglais, canadien et alliés. Les chantiers maritimes furent agrandis et on recruta chaque homme qui put être employé dans la construction de navires. De nouveaux chantiers furent établis. On désirait des navires de haute mer pour le transport de marchandises et des balayeurs de mines, et aussi vite que possible, les usines furent préparées pour les construire. Avant la fin des hostilités, le gouvernement du Dominion décida d'opérer sa propre marine marchande et s'employa à developper le commerce canadien avec les pays d'outre-mer. Des navires construits au Canada, enregistrés au Canada et employant des officiers et des marins canadiens devaient de nouveau arborer le pavillon canadien sur toutes les mers et dans tous les ports du globe. Tous les chantiers maritimes établis participèrent à ce travail. Des navires à vapeur de haute mer furent construits, pour le gouvernement canadien, sur les bords des Grands Lacs. Sur la côte du Pacifique, dix ou onze navires à vapeur furent construits. Sur la côte de l'Atlantique, des navires à vapeur furent fabriqués par plusieurs constructeurs. Les unités de la flotte gouvernementale portaient le préfixe " Canadian " dans tous leurs noms, i.e. "Canadian Challenger", "Canadian Volunteer", etc. A quelques exceptions près, tous les moteurs et bouilloires furent fabriqués au Canada soit dans les usines des chantiers qui construisirent les navires ou soit dans une usine mécanique du Dominion. Aussi vite que les navires étaient livrés, des capitaines, officiers de pont et officiers mécaniciens et des équipages furent recrutés en accordant le premier choix aux officiers canadiens qui possédaient les brevets et l'expérience nécessaires. Si cette entreprise maritime avait débuté aux environs de 1900 au lieu de 20 ans plus tard, toute la flotte aurait pu alors être équipée par des capitaines et des officiers canadiens possédant un brevet de haute mer. Mais en 1920, la plupart des hommes qui avaient acquis l'art de la manoeuvre dans la marine du Dominion d'autrefois, étaient retirés, décédés ou servaient sous les pavillons anglais ou américain. Mais quelques capitaines et officiers encore en service démissionnèrent des navires sur lesquels les circonstances les avaient obligés à naviguer et s'engagèrent au service de la marine marchande du gouvernement canadien, navigant sous le pavillon du Canada. Afin d'assurer une réserve continue d'officiers, un système d'apprentissage fut inauguré permettant à la jeunesse canadienne de servir en mer le temps requis sur chaque navire et de se perfectionner en vue d'un poste de commande éventuel. Durant plusieurs années après la fin des hostilités, la marine marchande du Canada transporta des cargaisons à destination ou en provenance des différentes parties du monde, à des taux avantageux et fit connaître le nom des produits canadiens sur les marchés d'outre-mer.

Puis vint l'époque où les dévastations de la guerre se trouvèrent réparées et les armateurs européens tendirent tous leurs efforts pour rattraper le commerce qu'ils avaient perdu. Ils construisirent des navires à coût modique en insistant sur la vitesse et l'économie d'opération. Ces navires vinrent en concurrence avec des bateaux de temps de guerre. Le gouvernement canadien aurait pu facilement combattre cette concurrence mais le Parlement hésitait à vendre ou à mettre hors service sa marine du temps de guerre et à la remplacer par des bateaux plus appropriés pour l'époque. L'opposition privée contre l'opération par le gouvernement de navires marchands était forte et bien organisée, et la majorité du peuple canadien, n'étant pas ou presque pas familier avec la navigation, était apathique et ne protesta aucunement lorsqu'on proposa de dissoudre la marine marchande. Un effort ultime fut fait en 1934 lorsque les directeurs des navires gouvernementaux proposèrent leur remplacement par des navires plus rapides et plus modernes. Mais l'opposition aux opérations de l'Etat était intense et l'intérêt du public en cette affaire était minime et comme conséquence, les bateaux qui restaient furent vendus à l'entreprise privée en 1936.

Lorsque les chantiers maritimes de Grande-Bretagne et d'Europe se réorganisèrent, aux environs de 1922, pour des opérations de temps de paix, ce fut alors une course vigoureuse vers les contrats partout où ils purent être obtenus, en offrant de construire des navires de tout genre à des termes avantageux, et les constructeurs canadiens ne purent concurrencer les bas prix soumis par les chantiers britanniques pour les bateaux requis par des armateurs canadiens. Une douzaine de chantiers maritimes canadiens bien équipés et capables de construire n'importe quelle catégorie de navires, employant des ouvriers canadiens, furent dans les circonstances, forcés de demeurer inactifs et de regarder le défilé des vaisseaux construits en Angleterre ou ailleurs qui pénétraient en masse dans les services côtiers du Dominion.

La majorité des vaisseaux construits durant les quinze années écoulées entre 1922 et 1938, le furent pour des compagnies canadiennes de navigation. Durant la crise économique qui suivit l'année 1930 et jusqu'au début de la deuxième guerre mondiale de 1939, les chantiers maritimes canadiens ne construisirent que quatorze navires excédant 130 pieds de longueur. Trois étaient commandés par le gouvernement et les autres étaient destinés au commerce sur les lacs et les fleuves. Dans un effort pour maintenir leur équipement, couvrir leurs frais généraux et maintenir au travail un certain nombre d'employés, quelques chantiers se lancèrent dans des entreprises industrielles mais quoique les installations et le personnel mécanicien d'un chantier maritime puissent être orientés partiellement vers d'autres branches de la mécanique, son vrai métier est la construction de bateaux et sans une suffisance de contrats dans ce domaine particulier, les ingénieurs et les ouvriers de l'acier se trouvaient en danger de perdre leur dextérité dans cet art ainsi que l'adresse nécessaire à cette connaissance particulière du métier qui doit être exécuté pour une excellente construction de navires. Tandis que la plupart des chantiers mariti-

mes étaient inactifs, la majorité des ouvriers qui autrefois faisaient foule à cet endroit se dispersèrent à travers le continent, et la seconde guerre mondiale éclata. On exhorta alors les chantiers maritimes du Canada et des Etats-Unis à se préparer pour la production de cargos océaniques, corvettes, balayeurs de mines, destroyers, frégates, bateaux-citernes, remorqueurs et embarcations de débarquement.

Puis la guerre se termina par une victoire mais il a été dit ouvertement par des personnes autres que celles directement intéressées dans l'industrie maritime du Canada, que cette dernière se rallia superbement pour rencontrer les exigences de la guerre et que sa contribution aux marines alliées et aux flottes marchandes, aida à faire pencher la balance de notre côté.

Depuis la fin des hostilités de la 2ème grande guerre, les chantiers maritimes canadiens ont construit en tout au-delà de 300,000 tonnes de nouveaux navires pour exportation.

Les chantiers canadiens ont construit une flotte de navires pour "Flota Merchant Grancolumbiana", une combinaison de capitaux colombiens équatoriens et vénézuliens. Depuis 1944, Canadian Vickers a construit quatre bateaux pour une firme gouvernementale brésilienne, cinq navires de transport pour la Grande-Bretage, deux vaisseaux pour la Hollande, un chaland drague enregistré à Curaçao et une autre douzaine de vaisseaux pour les intérêts français, "Grancolombiana" et vénézuéliens. Les chantiers du Québec ont produit cinq charbonniers et dix-sept navires de charge pour le gouvernement français, neuf navires de charge pour la Chine, quatre navires à passagers et de charge pour le Portugal, et trente-huit chalutiers pour la France. Un chantier de Lauzon a lancé récemment un des plus gros navires-citernes pour une firme d'huile américaine. Canadian Vickers a dernièrement construit le plus gros transbordeur de trains au monde pour le commerce Floride-Havane, conçu pour répondre à des conditions particulières de marée. Au chantier de Halifax, trois bâtiments de transport pour l'Argentine furent livrés en 1950. La côte ouest a construit six charbonniers d'au au-delà 5,000 tonnes et cinq charbonniers d'au-delà 3,500 tonnes, quatre ravitailleurs de phares pour la France et a transformé deux frégates en bricks de pilote pour l'Inde. Les chantiers des Grands-Lacs ont construit quinze maries-salopes automotrices et dix remorqueurs en acier pour la France. Il faut ajouter à cela vingt chalands du Rhin construits à Montréal.

Les chantiers maritimes canadiens ont prouvé leur aptitude à satisfaire aux exigences de paix comme ils l'ont fait pour les exigences de guerre, et la longue et glorieuse carrière du Canada dans l'histoire de la construction de navires, de leur possession et de leur exploitation, a prouvé que le pays pouvait produire

des bateaux et produire des matelots. C'est une nation avec de vastes côtes balayées par la mer, elle borde les plus grandes mers intérieurs du monde, elle s'énorgueillit de plus de 300 ports, son commerce caboteur et extérieur est énorme, et ses liens diplomatiques et commerciaux, en ont fait une des principales nations du monde. Dans ces pages, l'histoire et la réponse sont représentées raisonnablement et impartialement et dans le but d'inspirer aux Canadiens le désir de retrouver leur intérêt pour la navigation et l'esprit maritime de leurs ancêtres qui construisirent et armèrent de merveilleux bateaux.

Le déclin constant de la participation du Canada dans la poursuite du commerce extérieur canadien est clairement souligné dans le septième rapport annuel de la Commission maritime canadienne, juin 1954 (voir à la page 35 de ce mémoire).

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II DEUXIEME PARTIE

SITUATION ECONOMIQUE

TABLEAU A (x)

L'EMBAUCHAGE DANS L'INDUSTRIE CANADIENNE DE LA CONSTRUCTION ET DE LA REPARATION MARITIMES

ANNEE	CANADA	MARITIMES (xx)	QUEBEC	ONTARIO	C.B.
1939	3,491	642	1,379	502	968
1940	9,707	non compilées	non compilées	non compilées	
1941	21,240	"	"	"	
1942	50,132	5,404	14,084	6,804	23,840
1943	75,847	10,285	24,716	9,578	31,268
1944	67,076	10,763	22,162	9,504	24,647
1945	48,118	7,946	15,496	5,549	19,127
1946	20,246	4,649	6,785	2,521	6,291
1947	21,119	3,979	9,321	2,463	5,356
1948	18,399	2,969	8,131	3,162	4,137
1949	12,562	2,906	4,461	2,591	2,604
1950	11,454	2,389	4,046	2,575	2,444
1951	14,836	3,059	5,131	3,162	3,484
1952	20,676	4,292	8,458	4,088	3,838
1953	22,571	4,651	10,719	3,796	3,405
1952xxx	22,664	4,578	7,324	non compilées	5,444
1953xxx	26,015	5,113	10,553	" "	5,339
1954xxx	24,190	5,164	9,200	" "	5,420

(x) Référence: Rapport annuel de l'Industrie des Chantiers maritimes, Ministère de l'Industrie et du Commerce, B.F.S., Ottawa.

(xx) Les réalités décrites par les chiffres de cette colonne ne sont pas toujours les mêmes. Le chiffre inclut, pour certaines années, toutes les Provinces maritimes, pour certaines autres, ils ne tiennent compte que de la Nouvelle-Ecosse, pour certaines autres, enfin, ils embrassent le Manitoba.

(xxx) Référence: Embauchage et Listes de paye, Rapports mensuels du B.F.S.- Tirés des moyennes d'embauchage établies au premier de chaque mois.

N.B. Les chiffres ci-haut couvrent tous les employés (ouvriers à la production et autres) embauchés au cours de l'année. L'embauchage mensuel des ouvriers occupés à la production est sensiblement inférieur.

(Voir Section suivante).

TABLEAU AA

INDICE DE L'EMPLOI (x)

CONSTRUCTION ET REPARATION MARITIMES

1939 - 1954

1949 - 100

ANNEE	CANADA	NOUVELLE-ECOSSE	QUEBEC	C.B.
1939	28.9			
1940	77.0			
1941	164.6			
1942	403.8			
1943	530.9			
1944	487.2			
1945	375.6			
1946	172.8			
1947	161.8	132.7	229.3	181.0
1948	143.5	100.7	193.3	143.0
1949	100.0	100.0	100.0	100.0
1950	91.5	88.3	89.1	88.3
1951	113.4	97.1	111.0	120.0
1952	150.8	137.2	159.0	144.4
1953	173.5	154.2	234.0	140.3
1954	161.2	155.9	203.7	143.2
Moyenne des deux premiers mois				
1954	168.0	155.7	216.3	133.7
1955	133.7	151.4	148.4	132.6

(x) Référence: Embauchage et Listes de Paye
B.F.S., Ottawa.

Tableaux A et AA - OBSERVATIONS

Ces tableaux révèlent un nombre de faits significatifs au sujet de l'industrie canadienne de la construction et de la réparation maritimes. Ce sont principalement:

(1) Le Canada a démontré une habilité marquée en transformant l'état stagnant de l'industrie canadienne de la construction maritime qui existait avant la 2ième guerre mondiale. Cette transformation fut possible parce qu'il existait au Canada un noyau d'artisans spécialisés dans les chantiers maritimes dont l'entraînement datait de plusieurs années; et à cause d'un programme d'entraînement efficace au cours duquel des dizaines de milliers d'ouvriers canadiens ont acquis de nouvelles techniques dans la construction de navires (techniques qu'ils possèdent encore).

(2) Une forte baisse d'après-guerre dans la construction maritime attribuable principalement au défaut du gouvernement d'entreprendre un vaste programme de construction maritime conjointement avec une marine marchande canadienne puissante et permanente, développée en 1946 et qui persista jusqu'en 1952, alors qu'il y eut une légère amélioration due principalement à un programme naval de défense plus poussé.

(3) L'embauchage dans l'industrie à travers le Canada, du point culminant de 75,847 ouvriers, où il s'établissait en 1943, a atteint le bas niveau de 11,454 ouvriers en 1950. Ainsi l'embauchage en 1950 n'était qu'à 15% de son sommet du temps de guerre.

(4) L'embauchage dans l'industrie en Colombie Britannique, du point culminant de 31,268 ouvriers qu'il atteignait en 1943, est descendu au bas niveau de 2,444 ouvriers en 1950. Ainsi l'embauchage en 1950 n'était que de 8% de son sommet du temps de guerre. Les chiffres correspondants pour les autres provinces étaient de 16% dans le Québec, 22% dans les Maritimes, et 27% en Ontario.

(5) En 1953, l'embauchage canadien pour la construction et la réparation maritimes augmenta à 22,571 ou 30% de son sommet de temps de guerre. En Colombie Britannique, il monta jusqu'à 3,405 ou seulement 11% de son sommet de temps de guerre. Les autres provinces s'en sont mieux tirées avec l'embauchage industriel à 40% de son plus haut niveau du temps de guerre en Ontario, 43% dans les Maritimes et 43% dans le Québec.

(6) Les chiffres mensuels d'embauchage démontrent

qu'il y eut dans l'industrie canadienne de construction maritime une baisse de 7% dans l'embauchage en 1954, comparativement à 1953. L'embauchage dans l'industrie a diminué de 15% dans le Québec et est demeuré à peu près au même niveau dans les maritimes et en Colombie Britannique. Ceci signifie que la hausse dans l'embauchage, produite par le programme de construction navale, a pris fin.

Ainsi, deux principales conclusions sont évidentes:

(A) Avec aujourd'hui 50,000 ouvriers, de moins qu'en 1943 dans l'industrie de la construction navale, non seulement il appert que le Canada a déjà perdu en permanence un grand nombre d'employés spécialisés dans cette industrie, mais que, de plus, une industrie de construction maritime pourrait se trouver dans l'avenir désespérément à court d'ouvriers spécialisés.

(B) Les ouvriers de la Colombie Britannique ont souffert le plus à la suite de la réduction dans le programme maritime canadien. Ainsi, en 1953, le nombre des ouvriers de Colombie Britannique employés dans les chantiers maritimes ne se chiffrait qu'à 11% du nombre de 1943. Au Canada, dans l'ensemble, l'embauchage se maintenait à 30% des chiffres de 1943. Donc, l'embauchage a diminué d'une façon disproportionnée en Colombie Britannique, situation pour laquelle nous le soulignons, il n'y a aucune raison valide.

Le programme complet de construction navale au Canada devrait être accéléré et la Colombie Britannique devrait y participer aussi largement que le reste du pays.

———o———

MEMORANDUM ADDITIONNEL AU TABLEAU "A"

Le tableau A est basé sur les chiffres annuels d'embauchage de tous les ouvriers dans l'industrie de la construction et réparation maritimes. Ceci comprend tout aussi bien les employés de contrôle et de bureaux que les ouvriers occupés à la production. IL EST EGALEMENT EVIDENT QUE LES OUVRIERS DES CHANTIERS MARITIMES NE JOUISSENT PAS D'UN TRAVAIL CONTINU. Ceci est clairement indiqué dans les moyennes mensuelles d'embauchage fournies par la Commission maritime canadienne. Il est à noter que les chiffres cités plus bas sont d'environ 15 à 50% inférieurs à ceux montrés précédemment dans le tableau A.

MOYENNES MENSUELLES D'EMBAUCHAGE DES OUVRIERS A LA PRODUCTION, INDUSTRIE CANADIENNE DE LA CONSTRUCTION ET DE LA REPARATION MARITIMES (x)

ANNEE	CANADA	COTE DE L'ATLANTIQUE	ST-LAURENT	GRANDS LACS	COTE DU PACIFIQUE
1946	16,399	2,991	6,272	2,148	4,988
1947	17,135	2,657	8,874	1,485	4,119
1948	15,278	1,976	8,045	2,308	2,949
1949	9,831	1,937	4,230	2,168	1,496
1950	8,530	1,336	3,892	2,202	1,100
1951	12,033	1,913	5,237	2,803	2,080
1952	17,187	2,909	8,092	3,591	2,595
1953	19,630	3,511	10,490	3,082	2,547

(x) Référence: Commission maritime canadienne, 7ième Rapport Annuel, juin 1954.

LA PERIODE D'APRES-GUERRE

La fin de la guerre a marqué un constant déclin du volume de la construction maritime. En 1948, cette industrie était déjà tombée de la troisième à la huitième place et en 1950, le Canada n'occupait plus que la onzième place en regard du tonnage des navires marchands lancés. A ce moment, les tonnages lancés par les différents pays s'établissaient comme suit:

1-	Royaume-Uni	1,325,000	tonnage brute
2-	Etats-Unis	437,000	" "
3-	Suède	348,000	" "
4-	Japon	348,000	" "
5-	Pays-Bas	228,100	" "
6-	France	180,800	" "
7-	Allemagne	155,500	" "
8-	Danemark	125,500	" "
9-	Italie	107,500	" "
10-	Norvège	53,400	" "
11-	Canada	40,200	" "

Depuis 1950, l'Allemagne, le Japon et l'Italie se sont assurés une proportion croissante des commandes mondiales de construction maritime, de telle sorte qu'en 1953, les chiffres s'établissaient comme suit:

1-	Royaume-Uni	1,317,000	tonnage brute
2-	Allemagne	818,000	" "
3-	Japon	557,000	" "
4-	Etats-Unis	528,000	" "
5-	Suède	485,000	" "
6-	Pays-Bas	341,000	" "
7-	Italie	263,000	" "
8-	France	235,000	" "
9-	Danemark	142,000	" "
10-	Norvège	118,000	" "
11-	Canada	87,000	" "

TABLEAUX RELATIFS À L'HISTOIRE DE L'INDUSTRIE CANADIENNE
DE LA CONSTRUCTION ET DE LA RÉPARATION MARITIMES

Nous présentons dans la présente section quelques données statistiques relatives à l'industrie mondiale des chantiers maritimes, en général, et spécifiquement à l'industrie canadienne des chantiers maritimes.

TABLEAU B

NAVIRES MARCHANDS - TONNAGE LANCÉ
(En milliers de tonnes brutes enregistrées)

ANNÉE	CANADA	ITALIE	PAYS-BAS	DANEMARK	NORVÈGE	ROYAUME-UNI	ÉTATS-UNIS	JAPON	ALLEMAGNE	SUÈDE	FRANCE	MONDE ENTIER
1931	8.1	165.0	120.3	126.0	18.2	502	206	84	104	113	103.4	1617
1932	3.2	47.4	26.2	22.4	11.1	188	144	54	81	43	89.4	727
1933	1.1	16.6	35.9	34.0	9.7	133	11	74	42	61	34.1	489
1934	1.1	26.6	46.9	61.7	18.9	460	25	152	74	50	16.0	967
1935	2.3	22.7	57.1	122.0	25.7	499	33	146	226	106	42.8	1302
1936	2.1	11.3	93.8	97.5	33.2	856	112	295	380	154	39.2	2118
1937	4.5	21.9	183.5	131.4	42.0	921	239	451	436	161	26.5	2691
1938	10.6	93.5	239.8	158.4	54.7	1030	201	442	481	166	47.3	3034
1939	3.5	119.8	189.8	158.6	46.9	630	422	324	300	210	44.4	2539
1940	4.1	62.0	36.6	18.4	10.1	843	579	---	---	154	21.8	1754
1941	51.8	----	----	----	----	1186	1035	---	---	164	---	2491
1942	707.2	----	----	----	----	1271	5671	---	---	142	---	7815
1943	996.0	----	----	----	----	1137	11580	---	---	146	---	13885
1944	674.2	----	----	----	----	919	9339	---	---	157	---	11170
1945	116.8	9.5	----	22.5	6.0	894	5968	---	---	113	---	7193
1946	71.9	61.7	33.3	39.1	34.4	1121	501	---	---	147	23.2	2115
1947	104.0	62.2	87.8	60.7	36.9	1193	165	---	---	223	91.9	2103
1948	102.3	111.6	142.5	99.4	47.0	1176	126	---	---	246	138.3	2310
1949	69.7	99.2	169.3	86.1	59.2	1267	633	148	---	323	154.9	3132
1950	40.2	107.5	228.1	125.5	53.4	1325	437	348	155	348	180.8	3493
1951	55.1	112.3	216.9	115.4	94.4	1341	166	434	318	404	222.6	3643
1952	67.7	132.0	295.9	103.6	80.4	1303	468	608	520	454	212.7	4396
1953	87.2	262.5	341.3	142.1	118.5	1317	528	557	818	485	235.2	5096

Référence : Registre de l'Expédition des Lloyd's

OBSERVATIONS SUR LE TABLEAU B

Le tableau B démontre:

(1) Qu'en 1933, point le plus bas de la dépression de 1930, les chantiers maritimes canadiens ont lancé seulement 1100 tonnes brutes de navires marchands, ou moins 1/4 de 1% de la production mondiale de 480,000 tonnes. Le tonnage canadien lancé est le plus bas de tous les pays qui construisent des bateaux.

(2) En 1939, même si le Canada a lancé 3500 tonnes, ceci ne représentait que 1/7 de 1% de la production mondiale totale de 2,539,000 tonnes. Le tonnage canadien lancé est encore le moins élevé.

(3) En 1943, le Canada est remonté en 3ième place pour le tonnage lancé, avec 996,000 tonnes ou approximativement 7% du tonnage mondial lancé.

(4) En 1953, le tonnage canadien lancé est encore redescendu, soit 87,200 tonnes, ou approximativement 1 3/4% du tonnage mondial lancé.

(5) Le tonnage canadien lancé a proportionnellement diminué beaucoup plus que les autres grandes nations produc[illegible] de navires. Ainsi, le tonnage lancé au Canada en 1953 représente seulement 9% de celui de 1943, tandis qu'au Royaume-Uni, il est de 116% de 1943, et en Suède, 332% de 1943.

(6) Depuis 1946, il est à noter que le tonnage marchand canadien lancé s'est accru légèrement, alors que celui d'autres nations a augmenté considérablement. Ainsi:

Depuis 1946 -

Le Canada a augmenté son tonnage lancé d'environ	1/5	
Augmentation pour le monde entier	2 2/5	fois
L'Italie a augmenté son tonnage lancé environ	4¼	"
Les Pays-Bas ont augmenté leur tonnage lancé environ	10½	"
Le Danemark a augmenté son tonnage lancé environ	3½	"
La Norvège a augmenté son tonnage lancé environ	3½	"
Le Royaume-Uni a augmenté son tonnage lancé environ	1/5	"
La Suède a augmenté son tonnage lancé environ	3¼	"
La France a augmenté son tonnage lancé environ	10	"
Les Etats-Unis ont augmenté leur tonnage lancé environ	d'une fraction	

Il est évident, donc, qu'en dépit d'un développement mondial dans la construction maritime depuis 1946, la construction maritime canadienne décline à un tel rythme que l'industrie est en danger de disparaître complètement.

TABLEAU C

COMMANDES DE NAVIRES MARCHANDS D'UN TONNAGE BRUT MINIMUM DE 1000 TONNES, ENREGISTREES DANS LES PRINCIPAUX CHANTIERS MARITIMES DU MONDE- OCTOBRE 1952-

1952

PAYS	NOMBRE	TONNAGE BRUT	% DE LA SOMME
Grande-Bretagne	701	6,248,896	39.5
Allemagne....	248	1,841,008	11.6
Suède	185	1,695,255	10.7
Etats-Unis ,.	96	1,314,780	8.3
Hollande	134	1,085,941	6.9
France	92	852,216	5.4
Japon	62	667,110	4.2
Norvège	84	645,260	4.1
Italie-Trieste	45	466,658	3.0
Danemark	58	384,850	2.4
Belgique	26	248,881	1.6
Espagne	33	167,520	1.0
Canada	9	113,000	0.7
Australie ...	16	77,508	0.5
Irlande	2	2,300	0.1
Sommes	1791	15,808,703	100%

Référence: Marine Engineering, février 1954

(suite) TABLEAU C

COMMANDES DE NAVIRES MARCHANDS D'UN TONNAGE BRUT MINIMUM DE 1000 TONNES, ENREGISTREES DANS LES PRINCIPAUX CHANTIERS MARITIMES DU MONDE - OCTOBRE 1953

	1953		
PAYS	NOMBRE	TONNAGE BRUT	% de LA SOMME
Grande-Bretagne	587	5,546,182	40.4
Suède	152	1,466,202	10.7
Allemagne ...	176	1,438,686	10.5
Hollande	138	1,121,026	8.2
Etats-Unis ..	57	823,645	6.0
France	69	772,029	5.5
Japon	55	578,640	4.2
Norvège	73	575,316	4.2
Italie-Trieste	38	418,680	3.1
Belgique	28	309,448	2.2
Danemark	44	268,400	1.9
Espagne	31	156,986	1.1
Canada	13	121,200	0.9
Australie ...	15	66,588	0.5
Inde	9	45,400	0.3
Hong-Kong ...	4	11,800	0.1
Turquie	1	3,800	0.1
Irlande	2	2,300	0.1
Sommes	1492	13,726,336	100%

Référence: Marine Engineering, février 1954

OBSERVATIONS SUR LE TABLEAU C

Le tableau C démontre ceci:

1- Sur les 15 pays constructeurs de navires inscrits en octobre 1952, le Canada, avec 0.7% de commandes en mains pour des bateaux marchands, se classait 13ième. Un an plus tard, avec 0.9% des commandes mondiales, il se classait 13ième sur les 18 pays inscrits durant cette année.

Le tableau C et les observations qui s'y rattachent, servent à confirmer nos remarques qui découlaient du tableau B. Le Canada est le seul pays constructeur de navires au monde qui laisse désagréger son industrie maritime.

TABLEAU D

VALEUR DES NAVIRES LIVRÉS AINSI QUE DES RÉPARATIONS ET MODIFICATIONS EXECUTÉES DANS LES CHANTIERS MARITIMES CANADIENS, 1946 - 1953

	1946 $	1947 $	1948 $	1949 $	1950 $	1951 $	1952 $	1953 $
Côte du Pacifique:								
Construction	6,047,898	3,976,066	21,127,252	5,114,021	1,502,800	601,001	3,021,670	287,835
Réparations et modifications	8,744,194	9,892,870	7,983,945	5,520,142	3,653,624	6,603,553	7,217,901	7,335,846
	14,792,092	13,868,936	29,111,197	10,634,163	5,156,424	7,204,554	10,239,571	7,623,681
Grands Lacs:								
Construction	6,724,000	102,000	8,953,700	5,210,996	7,024,000	8,256,600	31,075,024	3,502,850
Réparations et modifications	2,211,810	2,652,655	2,883,436	4,310,629	3,086,631	4,636,319	4,679,525	5,926,099
	8,935,810	2,754,655	11,837,136	9,521,625	10,111,631	12,892,919	35,754,549	9,428,949
Saint-Laurent:								
Construction	12,625,772	34,981,491	52,849,028	21,360,807	10,371,383	4,047,053	6,282,390	40,325,000
Réparations et modifications	5,977,913	5,514,997	4,791,317	2,970,850	5,388,538	7,345,077	14,717,394	21,254,741
	18,603,685	40,496,488	57,640,345	24,331,657	15,759,921	11,392,130	20,999,794	61,579,741
Côte de l'Atlantique:								
Construction	4,569,550	5,424,207	4,325,289	55,000	7,381,970	----	1,604,250	300,000
Réparations et modifications	7,176,211	9,529,479	6,990,299	5,230,875	5,001,402	5,750,231	11,147,247	16,570,462
	11,745,761	14,953,686	11,315,588	5,285,875	12,383,372	5,750,231	12,751,497	16,870,462
AU TOTAL:								
Construction	29,967,210	44,483,764	87,255,269	31,740,824	26,281,153	12,904,654	41,982,334	44,415,685
Réparations et modifications	24,110,128	27,690,001	22,648,997	18,032,496	17,130,195	24,335,180	37,762,067	51,097,148
	54,077,338	72,173,765	109,904,266	49,773,320	43,411,348	37,239,834	79,744,401	95,512,833

Référence: Septième rapport annuel de la Commission maritime canadienne, 24 juin 1954.

OBSERVATIONS SUR LE TABLEAU D.

A première vue, il doit paraître que l'industrie canadienne ne s'en est pas trop mal tirée en 1952 et 1953, comparativement aux autres années de la période d'après-guerre. Cependant, une étude plus approfondie des chiffres, spécialement les chiffres régionaux révèle que de violentes fluctuations se sont produites et que les chiffres globaux relativement élevés ne servent qu'à dissimuler l'instabilité cachée de l'industrie.

En examinant les chiffres pour la flotte de l'Atlantique, nous découvrons que la valeur de la construction maritime - en excluant les réparations et les transformations - a, à toutes fins pratiques, disparu.

Le volume de réparations et de transformations de 1953 au montant de $ 16½ millions provenait surtout du programme de reconstruction navale.

"Une fois de plus, comme ce fut le cas l'an dernier, la valeur de la réparation de navires dans les régions du St-Laurent et de la côte de l'Atlantique augmenta de beaucoup grâce au programme de reconstruction navale entrepris vers la fin de 1951. Il s'agissait de la réparation et la reconstruction de seize balayeurs de mines de la catégorie Bangor et de la réparation et la reconstruction de vingt frégates fluviales à un coût estimatif de $67,000,000. En date du 31 décembre 1953, le travail était complété sur les balayeurs de mines et sur deux des frégates". (Septième rapport, Commission Maritime Canadienne).

Il ne devrait pas être nécessaire de dire qu'aucune industrie de construction stable ne peut être établie sur la seule base de construction navale. De plus, sur la foi des chiffres fournis, le programme doit tirer à sa fin. Les fluctuations en dollars du volume sur la Côte de l'Atlantique nous éclairent: en 1949 le volume fut coupé de moitié, de $11.3 millions à $ 5.3 millions; l'année suivante, il doubla à $12.4 millions pour retomber à nouveau de moitié en 1954 et redoubler encore en 1952.

Dans les chantiers du St-Laurent, un exemple identique ressort. Le total pour la région - et ainsi pour le Canada dans l'ensemble - est de beaucoup augmenté par la livraison de quatre navires à des clients sud-américains par la Canadian Vickers tout autant que par le programme naval précité. Mais il n'est pas démontré que l'expérience de 1953 se répétera. La valeur de la construction maritime dans la région a augmenté de $4 à $40 millions au cours des dernières années, la valeur des réparations et transformations de $3 à $21 millions. La liste des navires en construction à la date du 31 mars 1954 ne révèle aucune commande pour exportation et Vickers à cette période, ne construisait que deux cargos de dimensions pour canal et deux navires pour le gouvernement.

En examinant les chiffres pour la région des Grands-Lacs, nous voyons ce qu'un retour à la "normale" veut dire. En 1952, les chiffres pour tout le Canada furent grossis par des livraisons extraordinaires de navires sur les Grands-Lacs. Un an plus tard la Commission Maritime réalisait que la situation de 1952 était anormale.

"En comparaison de 1952, il y eut une diminution de 48 pour cent dans le tonnage brut de navires livrés mais il faut se rappeler que l'année 1952 fut exceptionnelle; par exemple, par moins de huit gros vaisseaux furent livrés dans la seule région des Grands-Lacs. Si l'on compare avec les deux années précédentes, l'on voit que le tonnage livré l'an dernier dépassait celui de 1950 et était de beaucoup supérieur à celui de 1951. La valeur en dollars des vaisseaux livrés durant 1953 était près de 6% supérieure à 1952 et comprenait une proportion beaucoup plus forte de navires du gouvernement. En 1952, de tels navires équivalaient approximativement au sixième de la valeur des navires livrés tandis qu'en 1953, cette proportion s'éleva "jusqu'à plus de la moitié". (Septième rapport, Commission Maritime Canadienne).

Ainsi, le montant de $35.7 millions de 1952 pour la région des Grands Lacs qui fit paraître si attrayante la somme globale pour tout le Canada, tomba à $9.4 millions en 1953. En 1953, ce furent les livraisons exceptionnelles de la région du Saint-Laurent qui firent bien paraître la situation.

Sur la côte pacifique, l'industrie maritime est dans un état lamentable depuis 1948 et y est demeurée, la construction maritime comme telle est presque nulle et les réparations et transformations sont demeurées stables depuis 1951. Même le programme naval n'a pas réussi à produire une impulsion sensible.

A tout prendre, l'industrie maritime est sans aucun doute aussi instable que jamais. Même si le volume en dollars de 1952 et 1953 était plus élevé qu'en 1946, l'augmentation des prix explique probablement cette différence. Sans doute, le plus important est le fait que l'activité de 1946 ne représentait qu'une fraction du sommet atteint durant la guerre.

Il ne peut y avoir de doute qu'une industrie maritime stable requiert un vaste programme maritime subventionné par le gouvernement et qui soit reparti équitablement dans tous les chantiers maritimes canadiens.

TABLEAU E

VALEUR TOTALE EN DOLLARS, DE LA CONSTRUCTION MARITIME EN PREPARATION OU EN VOIE D'EXECUTION AU 31 MARS 1954 (x)

REGION	NAVIRES DE GUERRE	Autres navires du gouvernement	Navires marchands	Valeur en dollars
Côte du Pacifique	19	2	6	92,092,000
Grands Lacs	4	-	6	38,121,300
St-Laurent	16	4	4	160,584,050
Côte de l'Atlantique	9	-	-	62,100,000
Somme.....	48	6	16	352,897,350

Il se dégage clairement de ce tableau qu'à l'exception des chantiers des Grands-Lacs, l'industrie canadienne des chantiers maritimes se serait trouvée fort mal en point en 1953, n'eût été du programme de construction de la Marine.

Référence: Ibidem

REMPLACEMENT REQUIS - NAVIRES CANADIENS

Il est à remarquer que les navires de 25 ans et plus, détenus par des Canadiens, et en conséquence, démodés, inefficaces et dispendieux d'opération - ne permettant pas d'affronter la concurrence constituent un plus fort pourcentage de tous les navires canadiens que dans la plupart des autres pays.

Le tableau suivant illustre clairement cet avancé:

TABLEAU F

NAVIRES DE 100 TONNES OU PLUS

POURCENTAGE DE CEUX QUI COMPTENT 25 ANS OU PLUS D'EXISTANCE(x)

Canada	44%
Grande-Bretagne	12%
Etats-Unis	9%
Belgique	6%
Danemark	18%
France	12%
Allemagne	26%
Grèce	22%
Italie	29%
Japon	10%
Hollande	13%
Norvège	10%
Panama	23%
Suède	20%
Monde entier	18%

Ainsi, les propriétaires canadiens de navires sont dans la position non -enviable d'avoir un pourcentage deux fois et demi plus élevé de bateaux désuets que la moyenne mondiale. Ils ont quatre fois et demi plus de bateaux de 25 ans et plus que la Grande-Bretagne; cinq fois plus que les Etats-Unis et environ quatre fois autant de navires démodés que le Japon, la Hollande ou la Norvège.

Les chiffres précités se rapportent aux navires qui appartiennent à des Canadiens. Mais il ne faut pas oublier qu'une forte proportion du tonnage du gouvernement est désuète.

Un programme maritime exécuté par les chantiers canadiens pourrait très bien aider à redresser cet équilibre et à redonner aux navires canadiens la possibilité d'entrer dans la course au commerce mondial.

Référence: Rapport annuel du Registre d'expédition des Lloyd's.

COUT (x)

Alors qu'il est impossible d'obtenir des renseignements précis sur le coût, afin d'établir les tendances, il est bon de remarquer que les navires marchands construits durant la seconde guerre mondiale le furent à un coût moyen de $ 181 la tonne (poids inerte), ce qui se compare avantageusement à un coût de $ 192 la tonne pour des navires construits il y a 20 ans, pour la marine marchande du gouvernement canadien.

En 1949, la Commission Maritime Canadienne prétendit que les navires construits au Royaume-Uni coûtaient 25% de moins que des navires similaires construits au Canada. 'Ils acceptent, toutefois, l'existence de plusieurs variantes).

Il faut noter également que la main-d'oeuvre première des chantiers maritimes est estimée représenter de 25% à 30% du prix de vente.

De plus, d'après l'Association canadienne de construction et de réparation de navires, de chaque dollar dépensé pour la construction de navires au Canada, soixante cents vont à d'autres industries manufacturières à travers le Canada. (Newsletter No.6, 15 mai 1952.

Le meilleur sommaire est peut-être encore celui préparé par la Commission Maritime Canadienne elle-même:

"Bien qu'il y ait diversité d'opinions au sujet de la différence exacte entre le coût de construction de navires au Canada et celui d'autres pays, il n'y a aucun doute que les prix canadiens sont plus élevés que ceux de nos principaux concurrents européens, mais généralement quelque peu plus bas que les prix aux Etats-Unis".

(x) Bibliographie: Rapports annuels de la Commission Maritime Canadienne.

LE PROBLEME DU COUT PLUS ELEVE DOIT ETRE RESOLU PAR DES SUBVENTIONS ET NON EN DIMINUANT DES SALAIRES DEJA INADEQUATS.

Il est inconstestable qu'une industrie maritime et une marine marchande canadienne sont:

(a) des instruments vitaux de politique nationale;

(b) essentiels au maintien d'un rôle indépendant dans le commerce international;

(c) des éléments importants dans toute politique de défense.

Ces industries doivent donc être encouragées en dépit d'un coût plus élevé, comme elles le sont dans presque chacune des importantes nations commerciales du monde - par des subventions.

Dans une étude séparée, nous avons démontré que les subventions d'une sorte ou d'une autre, sont les méthodes utilisées par d'autres pays pour assurer le maintien de ces industries vitales.

Dans cette section, nous essaierons de prouver que le travail organisé, dans l'industrie maritime, ne demande pas des salaires exorbitants comme condition au maintien de l'industrie.

Le fait est que les salaires dans l'industrie sont plus bas que ceux d'industries comparables et de plus ils ne permettent même pas de maintenir un modeste niveau de vie.

TABLEAU G MOYENNES HEBDOMADAIRES DES GAGES ET SALAIRE - 1er février 1955 (x)

	CANADA	N.-E.	QUEBEC	C.B.
Produits du fer et de l'acier	68.50	61.68	65.01	74.91
Equipement de Transport	71.00	57.34	67.54	69.46
Avions et parties d'avions	75.00		73.52	
Véhicules-moteurs	78.79			
Equipment des chemins de fer et du matériel roulant	64.26		65.02	
Construction et réparations maritimes	63.16	57.37	62.87	69.50

(x) Référence: B.F.S. Embauchage et Listes de Paye.

GAGES HORAIRES MOYENS DES SALARIÉS PAYÉS À L'HEURE AU CANADA

1er février 1955 (x)

Produits non périssables	153.9
Produits du fer et de l'acier	160.0
Equipement de transport	164.6
Avions et parties d'avions	172.0
Véhicules-moteurs	175.6
Equipement des chemins de fer et du matériel roulant	159.0
Construction et réparation maritimes	150.8

(x) Référence: B.F.S., Heures-hommes et gains horaires

Lorsque nous consultons des chiffres identiques pour les Etats-Unis, nous trouvons une situation bien différente. Les salaires dans l'industrie fortement subventionnée de construction et de réparation maritimes se comparent avantageusement aux salaires les plus élevés payés dans des industries comparables. En termes de salaires horaires, les ouvriers sont presqu'au haut de l'échelle payée dans le domaine d'équipement de transport. Au Canada, ils sont au bas de l'échelle.

TABLEAU I

GAINS HORAIRES DES OUVRIERS A LA PRODUCTION OU DES EMPLOYÉS SANS FONCTIONS DE SURVEILLANCE, ETATS-UNIS- Janvier 1955 (x)

	Gains hebdomadaires	Gains horaires
Produits non-périssables..	$80.16	$ 1.96
Produits métalliques manufacturés	80.34	1.95
Machinerie	83.44	2.04
Equipement de transport..	91.98	2.19
Equipement de chemins de fer	87.38	2.19
Voitures automobiles	96.10	2.24
Avions et parties d'avions.	88.60	2.14
Construction et réparation maritimes	85.46	2.18

Référence: Bureau des statistiques du Travail, Embauchage et gains, Mars 1955.

LES SALAIRES DANS LES CHANTIERS MARITIMES CANADIENS SONT INSUFFISANTS POUR ASSURER UN MODESTE NIVEAU DE VIE.

Nous joignons une copie de l'étude intitulée "Ce qu'il en coûte pour vivre modestement durant un an à Windsor, Ontario", avec les prix du 31 janvier 1954 et publié il y a déjà un an par le "Guardian", journal des Travailleurs Unis de l'Automobile.

Cette étude démontre que pour soutenir le coût d'un mode de vie modeste, un ouvrier requiert 52 semaines de travail avec un salaire de $77. à $84. par semaine. Les ouvriers canadiens des chantiers maritimes sont loin d'atteindre un tel salaire et une telle régularité de travail. Il ne peut donc y avoir aucun fondement à l'accusation que ces ouvriers recherchent des privilèges spéciaux en demandant de l'aide pour l'industrie maritime.

L'on peut faire valoir que les prix du budget mentionné sont en vigueur à Windsor où les prix et les normes ne sont pas les mêmes qu'à Halifax, Québec, Sorel, Montréal ou Vancouver. Bien que cet argument ait du bon, ces facteurs ne combleraient certainement pas la différence entre le salaire moyen de $63 par semaine au Canada et les besoins de $ 77 à $84 à Windsor.

LE COUT N'EST PAS LE SEUL CRITERE

Malgré ces considérations, nous avons la preuve que le Canada peut construire des navires d'une façon économique et pour l'exportation. Dans la période d'après-guerre, le Canada a construit une quantité appréciable de tonnage.

L'année dernière, le chantier de Lauzon a lancé un des plus gros navires-citernes pour une firme d'huile américaine. Vickers au cours des dernières années, a construit le plus gros transbordeur de trains au monde pour le commerce Floride-Havane , conçu pour répondre à des conditions particulières de marée. Au chantier de Halifax, trois bâtiments de transport pour l'Argentine furent livrés en 1950. Les chantiers de la côte ouest ont construit six charbonniers de plus de 5000 tonnes et cinq charbonniers de plus de 3500 tonnes, quatre ravitailleurs de phares pour la France et a transformé deux frégates en bricks de pilote pour l'Inde. Les chantiers des Grands-Lacs ont construit 15 maries-salopes automotrices et dix remorqueurs en acier pour la France. Vingt chalands pour le Rhin furent construits à Montréal. Dans la période de 1944-52, plus de 300,000 tonnes de nouveaux navires furent produits au Canada pour l'exportation.

Ces considérations portent à croire qu'en plus du prix, les facteurs tels que la date de livraison, l'habilité à construire des navires spéciaux, la disponibilité de moyens et de matériaux, etc, doivent être considérés.

Même une modeste subvention maritime, de l'ordre de celles fournies par la plupart des pays maritimes, pourrait combler la différencede prix et soutenir une industrie saine.

SALAIRES DES OUVRIERS

INDUSTRIE CANADIENNE DES CHANTIERS MARITIMES

Dans les deux tableaux suivants nous montrons l'histoire des salaires des ouvriers adultes mâles (principalement des ouvriers d'industries) et de toutes les catégories d'employés des chantiers maritimes durant la période de 1939 à 1953. Ces tableaux refutent complètement la prétention que les ouvriers des chantiers maritimes de Colombie-Britannique se sont eux-mêmes exclus du marché par des augmentations excessives de salaires.

TABLEAU J

MOYENNES ANNUELLES DES GAGES ET SALAIRES HEBDOMADAIRES, CHANTIERS MARITIMES (x)

1939 - 1954

ANNEE	CANADA	N.-E.	QUEBEC	C.B.
1939	$28.59			$28.09
1940	31.18			(
1941	31.86			(non
1942	35.50			(
1943	38.73			(compi-
1944	39.64			(
1945	39.49			(lés
1946	37.55			(
1947	41.83	$39.63	$43.14	42.53
1948	42.02	42.41	44.16	46.79
1949	46.98	44.48	48.63	49.68
1950	48.23	44.99	49.96	50.89
1951	53.68	48.23	54.09	57.23
1952	59.64	55.97	57.40	66.56
1953	62.91	56.83	63.32	69.54
1954(Fév.1)	61.92	59.86	59.94	68.92
1955(Fév.1)	63.16	57.37	62.87	69.50

(x) Référence: B.F.S., Ottawa, Embauchage et Listes de Paye.

OBSERVATIONS SUR LE TABLEAU J.

Ce tableau montre que les moyennes annuelles des salaires hebdomadaires et les salaires des ouvriers dans l'industrie de la construction et de la réparation maritimes, pour la Colombie-Britannique et le Canada se comparaient approximativement l'un à l'autre depuis 1939, même si au cours des dernières années les salaires hebdomadaires moyens de la Colombie-Britannique furent légèrement supérieurs à la moyenne canadienne.

Toutefois, une partie de cette différence est due aux salaires quelque peu supérieurs que reçoivent les ouvriers non-industriels en Colombie-Britannique.

De plus, il est utile de noter que ces salaires sont des moyennes hebdomadaires. Ils ne sont pas le reflet des salaires annuels actuels, qui, à cause du fait que seulement une infime quantité d'ouvriers des chantiers maritimes jouissent d'un emploi permanent sera beaucoup plus bas que ne l'indiquent les moyennes hebdomadaires sur ce tableau.

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TABLEAU K

MOYENNE DES GAINS HEBDOMADAIRES DES SALAIRES ADULTES DE SEXE MASCULIN (x)

Chantiers maritimes et ensemble de l'Industrie

1939 - 1952

ANNEE	CHANTIERS MARITIMES	ENSEMBLE DE L'INDUSTRIE de la Colombie-Britannique
1939	$ 28.55	$26.80
1940	31.74	28.11
1941	35.27	30.67
1942	40.32	35.24
1943	40.08	37.19
1944	40.36	38.70
1945	39.96	38.50
1946	40.28	39.87
1947	47.10	43.49
1948	48.79	47.30
1949	53.37	49.21
1950	52.68	51.88
1951	62.51	58.67
1952	66.03	61.78
Augmentation 1939-1952	$ 37.48 ou 131%	$ 34.98 ou 130⅓%

OBSERVATIONS SUR LE TABLEAU K

Ce tableau illustre la tendance que suivent en Colombie-Britannique les gains hebdomadaires de tous les ouvriers adultes de sexe masculin, à la fois dans les chantiers maritimes et dans l'ensemble de l'industrie.

Il est remarquable que l'augmentation de la moyenne des gains hebdomadaires soit exactement la même dans les chantiers maritimes que dans l'ensemble de l'industrie de la Colombie.

En d'autres termes, les ouvriers des chantiers maritimes n'ont été l'objet d'aucun traitement privilégié en matière de gages - alors qu'une telle préférence se trouvait amplement justifiée par la fréquence du chômage larvé dans les chantiers.

(x) Référence: Rapports du Ministère du Travail, C.B.- Salaires hebdomadaires dans les chantiers maritimes basés sur une semaine d'embauchage maximum.- Salaires de l'ENSEMBLE de l'industrie en Colombie, basés sur une compilation des moyennes hebdomadaires.

PLAN DE REMPLACEMENT DE LA COMMISSION MARITIME CANADIENNE (ESCROW)

N.B. Les termes "escrow","in escrow" ou encore "escrow funds" n'ont pas d'équivalents en langue française. Le dictionnaire n'en donne que la définition suivante, sans traduction du terme lui-même: " Engagement sous seing-privé confié à un tiers pour être livré au destinataire lors de la réalisation de certaines conditions spécifiées" (Harrap's Edition de Janvier 1950)

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Dans cette section, nous présentons certains aspects du plan de remplacement de la Commission maritime canadienne, que nous considérons d'une importance vitale pour l'industrie maritime canadienne.

Les deux lettres qui suivent serviront à présenter ce sujet.

COPIE

COMMISSION MARITIME CANADIENNE

Dossier No. 1402.0 Ottawa, 25 mai 1953.

Monsieur B. Marcuse,
Directeur,
Bureau de recherches de l'union des métiers,
339 ouest, rue Pender,
Vancouver, 3, C.B.

Cher monsieur Marcuse,

J'ai votre lettre du 21 mai dans laquelle vous demandiez des détails sur le plan de remplacement de la Commission, qui fut approuvé en 1948.

D'une façon générale, le plan prévoit que l'autorisation soit accordée aux propriétaires de vendre outre-mer des navires achetés du gouvernement à la condition que les recettes de la vente soient placées "in escrow" et éventuellement utilisées pour la construction ou l'acquisition de nouveaux bateaux. Des navires ainsi obtenus ne peuvent être vendus outre-mer sans autorisation. Le défaut d'utiliser les fonds "in escrow" ou de les assigner à une autre compagnie pour une construction immédiate et approuvée en -deça d'une période déterminée, rend le propriétaire passible de perdre, par confiscation, pour dommages, une somme égale à la différence entre les recettes de la vente outre-mer et le prix original, payé au gouvernement pour le navire. Lorsque le prix réalisé sur la vente est inférieur à celui payé originairement au gouvernement pour le navire, les dommages pour la non-utilisation des fonds "in escrow" est de $25,000.00

Jusqu'au 31 mars 1953, 74 navires ont été vendus outre-mer d'après ce plan résultant enun placement "in escrow"de $44,150,000.00 dollars. De cette somme, $41,600,000.00 ont été dépensés ou affectés pour dépenses dans les chantiers maritimes canadiens.

Les fonds "in escrow" ont déjà été utilisés pour financer ou pour aider à financer 26 navires qui, comme conséquence, ne peuvent être vendus outre-mer sans autorisation. La majeure partie de ce nouveau tonnage est destinée aux opérations de cabotage ou de navigation sur les lacs, quoique deux navires citernes de 28,000 tonnes (poids inerte) présentement en construction dans un chantier canadien de l'est, sont pour le commerce océanique.

J'espère que c'est le renseignement que vous cherchez et que vous n'hésiterez pas à communiquer avec moi si vous croyez que je puis vous être encore utile.

Votre très dévoué,

(signé) E. S. BRAND,

Directeur exécutif.

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BUREAU DU MINISTRE DES TRANSPORTS

Ottawa, Canada,
25 mai 1953.

Monsieur J. K. Bell,
Secrétaire-trésorier,
Fédération des ouvriers maritimes des Maritimes,
60, rue Gerrish,
Halifax, N.E

Cher monsieur Bell,

J'ai votre lettre du 21 mai dans laquelle vous me demandez un certain nombre de questions relatives à la vente outre-mer de navires canadiens.

Le 31 mars 1953, il y avait $2,533,128.00 "in escrow".

Entre mai 194[illegible], alors que le plan de remplacement fut inauguré, et le 31 mars 19[illegible], [illegible]anciens navires construits durant la guerre ont été vendus outre-mer d'après ce plan, résultant en un placement "in escrow" d'une somme de $44,150,000.00. De ce montant $41,600,000.00 on été dépensés ou affectés pour dépenses dans les chantiers maritimes canadiens, et en conséquence, 26 navires dont la construction a été financée par des fonds "in escrow" sont liés par contrat et ne peuvent être rayés des régistres maritimes canadiens sans autorisation.

La majeure partie de ce nouveau tonnage est destinée aux opérations de cabotage et de navigation sur les lacs quoique deux navires-citernes de 28,000 tonnes (poids inerte) présentement en construction dans les chantiers maritimes de l'est canadien sont pour opération océanique.

A la fin de la guerre, 270 navires marchands à cargaison sèche et des navires-citernes de plus de 3000 tonnes (poids inerte) étaient la propriété du gouvernement; 44 de ceux-là furent vendus outremer par le gouvernement peu de temps après la fin de la guerre et 226 furent vendus à des armateurs canadiens. De ces 226, les 74 précités ont été vendus selon le plan de remplacement; 4 ont été transférés à la Nouvelle-Zélande; 57 qui furent prêtés au Royaume-Uni par le gouvernement durant la guerre ont été autorisés à demeurer sous l'enregistrement du Royaume-Uni après leur livraison, en 1950, à des armateurs privés canadiens et 34 navires, propriété de Canadiens, ont été transférés sous l'enregistrement du Royaume-Uni. Tous ces 91 vaisseaux sous l'enregistrement du Royaume-Uni peuvent, par entente spéciale, être retournés au Canada si, en aucun temps, ils sont requis.

J'espère que ce qui précède vous fournit les renseignements désirés.

Votre tout dévoué,

(signé) Lionel Chevrier

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SOMMAIRE DES FAITS RE: "ESCROW"

1 - Le plan, approuvé en 1948, prévoit, d'une façon générale, que les navires marchands construits durant la guerre, achetés du gouvernement, par des particuliers, ne peuvent être venus outremer qu'à la condition que les recettes de cette vente soient placées "in escrow" et éventuellement utilisées au Canada pour la construction ou l'acquisition de navires plus nouveaux dans une période de temps déterminée.

2 - De tels navires ne peuvent être vendus outre-mer sans l'autorisation gouvernementale. (les soulignés sont de nous).

3 - Jusqu'à la fin de février 1954, $50,250,000.00 avaient été déposés "in escrow" par divers armateurs qui avaient vendu des navires avec la permission du gouvernement.

4 - $42,000,000. sont déjà dépensés ou en voie de l'être dans des chantiers maritimes canadiens.

5 - La grande partie de cet argent a été dépensée pour du tonnage de cabotage ou de navigation sur les lacs quoique deux navires-citernes océanique de 28,000 tonnes sont présentement en construction dans les chantiers maritimes de l'Est canadien.

6 - Des 270 navires marchands à cargaison sèche et navires-citernes de plus de 3000 tonnes (poids inerte) qui étaient propriétés du gouvernement en 1946, 215 semblent appartenir maintenant à des pays étrangers et les 55 qui restent, appartiennent encore aux Canadiens, dont 5 sont immobilisés.

7 - A la même date la balance des fonds "in escrow" était approximativement de $8 millions.

OBSERVATIONS RE: "ESCROW"

Les principes fondamentaux et l'opération du plan de remplacement de la Commission Maritime Canadienne sont susceptibles d'être soigneusement étudiés et analysés. Toutefois, pour le moment, nous nous bornerons seulement à quelques-uns des aspects qui touchent le plus notre union.

1- Nous sommes d'avis que le but primitif de ce plan, tacite sinon explicite, fut que l'utilisation des fonds "in escrow" entraine avec elle l'obligation de continuer à opérer sous le pavillon canadien.

Toutefois, il est prévu par le plan qu'on pourra obtenir du gouvernement l'autorisation de vendre outre-mer de tels vaisseaux. Il semble qu'on n'ait lié à cette autorisation aucune condition formelle.

2 - On manque de renseignements sur la façon dont les fonds "in escrow" sont répartis aux différents chantiers maritimes pour la construction d'autres navires. Il semblerait y avoir certaines lacunes à ce sujet.

3- L'histoire du "escrow plan" semble contraire aux intérêts du peuple canadien qui a financé la construction primitive de la flotte marchande canadienne à cargaison sèche durant la guerre. Plus de renseignements sont requis sur la façon dont on répartit les "escrow funds", sur les ventes à des capitaux étrangers, etc.

4- La référence que fait l'Honorable Lionel Chevrier à deux navires-citernes océaniques de 28,000 tonnes n'est pas pertinente et de nature à engager sur de fausses pistes toute discussion relative à la disposition des fonds "in escrow". Les navires-citernes en question n'ont pas été construits pour des armateurs canadiens, n'ont pas servi à remplacer des navires canadiens; et n'ont pas été construits selon les dispositions du fond "in escrow". Ils furent construits pour l'exportation. (Voir page 7 pour référence)

ESCROW - RENSEIGNEMENTS ADDITIONNELS

Certains changements importants se sont produits dans la politique du gouvernement canadien en ce qui a trait aux règlements de l"escrow" et à la navigation canadienne en général. En novembre 1953, le Cabinet rejeta la requête de l'Association des Armateurs Canadiens pour une subvention de $100,000. par navire pour leur permettre de continuer à opérer sous le pavillon canadien. Toutefois, au même moment, ils ont modifié les termes du plan "escrow" de façon à permettre aux armateurs d'utiliser leurs fonds "escrow" pour l'achat ou la construction de navires marchands n'importe où dans le monde. Comme résultat de ce changement, les navires pour enregistrement canadien sont construits outremer alors que l'industrie maritime canadienne se meurt. A la suite de ceci ils ont demandé au Royaume-Uni d'accepter l'enregistrement des navires marchands océaniques

que le Canada possédait encore. Les termes sont les mêmes que pour les 90 navires déjà transférés au Royaume-Uni en vertu de l'entente de 1949.

Environ 30 navires sont impliqués dans ce nouveau transfert. Nous pouvons facilement nous demander si le Royaume-Uni fut favorable à cette idée d'acquérir environ 30 navires semi-désuets alors qu'ils en avaient déjà plusieurs. Le Royaume-Uni ne fut certainement pas enthousiaste au sujet de cette suggestion mais s'ils n'avaient pas accepté ces navires, le Canada les aurait vendus ailleurs, ce qu'aurait signifié une concurrence accrue pour le Royaume-Uni.

Depuis ce développement, le Ministre des Transports, M. Chevrier, a fait une autre vague déclaration lorsqu'il a dit:

"Alors que le Cabinet s'oppose à une subvention générale pour tous les navires marchands océaniques, en ce moment, il est prêt à considérer les demandes faites sur une base "ad hoc" pour assistance à ces services particuliers opérés par des navires modernes."

Cette déclaration ne semble pas de nature à engager le gouvernement à verser des subventions dans un avenir prévisible - surtout pas avec l'utilisation du mot "moderne" pour déterminer le type de bateaux en cause.

En rapport avec ceci, il est bon de noter les remarques faites par M. G. Angus, à la réunion annuelle de l'Association des Armateurs canadiens, telles que rapportées dans le Financial Post du 30 janvier 1954:

"Il semble que ce soit une étrange anomalie dans la stucture de défense canadienne de penser que le Canada doit dépenser plusieurs centaines de millions de dollars pour reconstruire une marine moderne dans le seul but apparent de défendre le commerce maritime extérieur," disait M. Angus.

"Pour la défense seulement, le Canada a besoin tout autant, sinon plus, d'une marine marchande que d'une marine océanique combattante. Le défaut de la part du gouvernement de contrôler le flot d'importations par mer, essentiel au maintien d'un effort de guerre minimum au même niveau de vie raisonnable, veut tout simplement dire que ces normes seront déterminées, dans une période d'urgence, par les organismes qui contrôleront le commerce maritime mondial."

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LE TRANSPORT ET LES CHANTIERS MARITIMES DU CANADA JOUISSENT-ILS D'UNE PROTECTION ADEQUATE?

PARTICIPATION DES NAVIRES BATTANT PAVILLON CANADIEN AU TRANSPORT COMMERCIAL CANADIEN OUTRE-MER

(Cargaisons sèches seulement)

(Le commerce avec les Etats-Unis ou via leur territoire n'est pas compris)

	1947	1948	1949	1950	1951	1952
Somme des cargaisons sèches, importées et exportées, - tonnes de 2000 lb. exprimées en mille lb.	16,327-	15,168-	17,046-	15,432-	21,570-	25,814
Pourcentage transporté:						
sous pavillon canadien.....	20.2	17.9	13.6	9.9	7.9	6.4
sous pavillon du Royaume-Uni	45.2	46.3	43.1	48.8	40.6	35.4
sous autres pavillons	34.6	35.8	43.3	41.3	51.5	58.2
	100.0	100.0	100.0	100.0	100.0	100.0

Référence: Septième rapport annuel de la Commission maritime canadienne, juin 1954.

OBSERVATIONS

Ce tableau montre de quelle façon drastique ont diminué, au cours de la période de 1947 à 1951 inclusivement, les exportations et les importations, même en quantité limitée, transportées dans des bateaux canadiens. En 1952, avec seulement 6.4 pour cent de notre commerce transporté dans des cales canadiennes nous transportions, même à ce chiffre très bas, environ deux tiers de moins de notre commerce total qu'en 1947.

Il est significatif que l'industrie et le commerce maritimes des Etats-Unis soient protégés par une règlementation qui stipule entre autres conditions que:

1- Le commerce caboteur américain est limité aux navires américains enregistrés.

2- Toutes réparations (à l'exception des réparations urgentes outre-mer) et les remises en état des navires américains enregistrés doivent être faites dans les chantiers américains.

3- 50% des exportations américaines doivent être effectuées dans des navires américains. Le Canada, de son côté, n'est pas protégé de cette façon.

Ainsi:

L'entente au sujet du commerce maritime du Commonwealth britannique signée à Ottawa en 1931 prévoit que tous les navires des pays du Commonwealth auront l'égal privilège de faire le commerce caboteur de tous ces pays. Une clause parallère (section 13) de la Loi Maritime Canadienne de 1934 prévoit que le commerce entre deux ports canadiens ne doit être effectué que dans des navires construits et enregistrés dans le Commonwealth. De plus, les prescriptions tarifaires sont telles qu'elles permettent une plus grande concurrence, étant donné que les navires anglais enregistrés peuvent entrer au Canada sans avoir à payer de douanes.

La prescription pour les tarifs douaniers applicables est la suivante:

"Les navires et autres vaisseaux construits dans tout pays étranger, s'ils sont enregistrés comme britannique depuis le 1er septembre 1902, sur demande d'une licence pour entreprendre le commerce caboteur canadien; sur la valeur marchande équitable de la coque, du gréement, de la machinerie, des bouilloires, de l'ameublement et des accessoires (tel que prévu dans la loi relative au Commerce caboteur canadien)".

Tarif préférentiel britannique	Taux du pays le plus favorisé	Taux général
Nul	25%	25%

AUTRES CONSIDERATIONS

En plus des raisons déjà données en faveur d'une marine marchande canadienne, il y en a quelques autres qui valent la peine d'être données.

1. La possibilité de discrimination contre l'usage de ports canadiens et des routes de transport.

2. Le désavantage qui en découle pour les marchandises canadiennes dans le commerce extérieur.

Discrimination contre le commerce canadien

De telles situations peuvent se produire de plusieurs façons: augmentation des taux d'assurance maritime contre les ports canadiens par les assureurs étrangers; augmentation des taux de "conférence" ou cartels maritimes contre les ports canadiens. (L'absence de commerce maritime canadien résulterait en l'absence de représentation canadienne aux "conférences". Sans marine marchande, il n'y aurait pas beaucoup d'intérêt à avoir une assurance maritime au Canada. En conséquence, les assureurs étrangers pourraient agir à leur guise).

De plus, avec des services auxiliaires très développés dans les ports américains, les liaisons des expéditeurs, les agents maritimes et les courtiers dans ce pays constituent un barrage à l'usage et au développement du réseau de transport canadien. Un officier de la Commission des Ports Nationaux du Canada a attiré l'attention sur une situation exactement sem-

blable:

LA POLITIQUE DE COMMERCE MARITIME CANADIEN EST DICTEE, dit un officier de la Commission des Ports Nationaux du Canada (x)

Plusieurs compagnies étrangères évitent nos ports, dit-on à un groupe d'exportateurs

Le politique de routage d'un certain nombre de grosses compagnies maritimes canadiennes qui est "complètement contrôlée par les bureaux-chefs sis à l'extérieur du Canada", constitue une des difficultés qui menacent le développement et l'expansion des ports du Canada, disait aujourd'hui à l'hôtel Ritz-Carlton, monsieur W. Clement Perron, officier du mouvement, Commission des Ports Nationaux.

"Ces bureaux-chefs semblent avoir peu, sinon pas d'intérêt dans la préservation et le développement des services de transport dans les ports canadiens," disait-il.

Départs infréquents

L'infréquence des départs par certaines routes du commerce extérieur canadien est un autre sérieux problème, disait monsieur Perron. "Quelles compagnies de navigation prétendent qu'à moins d'avoir une assurance raisonnable de mouvements accrus, elles ne peuvent courir le risque de pertes financières sérieuses qui découleraient de départs additionnels.

Il y a beaucoup plus de chemins de fer, de compagnies de navigation, d'expéditeurs, de courtiers et d'autres agences servant les ports des États-Unis que ceux du Canada, disait-il.

"Les efforts individuels et collectifs de ces agences des Etats-Unis, beaucoup plus nombreuses, ont apparemment créé une fause impression sur certains expéditeurs à l'effet que les compagnies canadiennes de transport et autres agences des ports canadiens ne sont pas aussi vivement intéressées que leurs compétiteurs des Etats-Unis dans la politique de routage des exportateurs et importateurs", a prétendu monsieur Perron.

Perte sérieuse

"Le commerce perdu par les ports canadiens représente une sérieuse perte économique pour le Canada tout entier", a-t-il dit.

"L'installation gigantesque de transport du Canada doit obtenir de l'encouragement par les efforts d'une bien petite population en comparaison. Le développement de notre système de transport s'est renforci et a développé toute l'économie du Canada, et seulement avec la coopération de tous les intéressés, nos facilités et services réussiront-ils à atteindre leur plein développement".

Les Canadiens devraient expédier par les ports canadiens, recommandait monsieur Perron.

(x) Montreal Daily Star, 2 décembre 1953.

Dans un rapport ci-joint, nous prouvons que les "subventions et autres formes d'aide maritime sont presqu'universelles dans les pays maritimes et commerciaux importants". Nous ne présentons ici qu'un sommaire sous forme de tableau:

La politique des Etats-Unis, re: subventions

Enrapport avec la question d'une marine marchande canadienne et le problème des subventions deux faits au sujet des Etats-Unis méritent d'être mentionnés. Les voici:

a) Seulement un service américain de navigation opère présentement sans subventions.

b) Au cours de ce mois (janvier 1954) la Commission Randal du gouvernement américain au sujet de la politique économique étrangère des Etats-Unis a émis ses recommandations majoritaires. Il est significatif qu'au sujet de la navigation, ils aient déclaré que:

"Une marine marchande adéquate pour nos exigences nationales devrait être supportée par des moyens directs - i.e. des subventions (x)

(x) Bibliographie: Financial Post, 30 janvier 1954.

TABLEAU SOMMAIRE DES SUBVENTIONS ET AUTRES SECOURS ACCORDES A L'INDUSTRIE DU TRANSPORT ET DES CHANTIERS MARITIMES.

Subventions à la Construction	Subventions à l'opération	Exemptions d'impôt (ou droits imposés aux navires étrangers)	Prêts et octrois	Autres modalités
Argentine		Argentine		Argentine
Australie(1)	Australie(1)	Australie(1)		
			Belgique	
Brésil	Brésil	Brésil		Brésil
		Danemark		
France		France	France	France
		Allemagne	Allemagne	
Grèce		Grèce		Grèce
	Inde		Inde	
Italie	Italie		Italie	
Japon		Japon	Japon	
		Pays Bas	Pays Bas	
		Norvège	Norvège	
Espagne	Espagne			
		Suède	Suède	
		Royaume-Uni		
Etats-Unis	Etats-Unis		Etats-Unis	Etats-Unis

(1) Les renseignements sur l'Australie inclus dans ce tableau et dans le Sommaire ci-joint est basé sur la Loi Maritime Australienne de 1949 qui ne fut jamais adopté. Toutefois la Loi de la Navigation du Commonwealth réserve le commerce caboteur aux navires licenciés pour le commerce caboteur.

N.B. Le tableau sommaire précité n'est présenté que pour fins de référence rapide. Les renseignements sur les subventions ne se prêtent pas beaucoup à une disposition tabulaire efficace, i.e. l'étendue et la teneur des diverses formes de subventions ne ressortent pas avec ce genre de présentation. Il est donc recommandé que, pour les détails des politiques d'un pays, l'on réfère au sommaire ci-joint.

MEMOIRE DE L'ASSOCIATION CANADIENNE DE CONSTRUCTION ET DE REPARATIONS MARITIMES AU GOUVERNEMENT DU DOMINION, JUILLET 1944.

Dans les pages suivantes, notre union cite des sections pertinentes du rapport soumis au gouvernement du Dominion par l'Association canadienne de construction et de réparations maritimes, il y a neuf ans.

Même si l'Union n'approuve pas toutes les idées et les propositions présentées dans ce rapport, nous croyons cependant qu'il contient un nombre de propositions intéressantes et réalistes, la mise en oeuvre desquelles aurait été à l'avantage marqué du Canada.

En 1949, l'Association, alors que la liste de paie de leurs chantiers-membres avait diminué à moins de 7000, de 70,000 qu'elle était durant la guerre, soumettait une série de lettres circulaires aux membres du Parlement, en appuyant sur le fait qu'à moins que le commerce caboteur du Canada ne soit réservé aux navires canadiens, il n'y aurait plus de construction de navires ici pour aussi longtemps qu'on puisse prévoir. Ils prônaient également l'abolition de l'entente sur le commerce maritime du Commonwealth britannique de 1931.

Il est à regretter que bien peu des propositions contenues dans ce rapport ou dans les mémoires ultérieurs de l'Association aient été instaurées par notre gouvernement, et la plupart d'entre elles, seulement partiellement.

Le texte pertinent de ce rapport suit sans autre commentaires de l'Union.

TEXTE PARTIEL DU MEMOIRE DE L'ASSOCIATION CANADIENNE DE CONSTRUCTION ET DE REPARATIONS MARITIMES AU GOUVERNEMENT DU DOMINION, JUILLET 1944 (x)

(x) NOTE: Les en-têtes des paragraphes sont de nous.

Droits d'importation sur les navires

P. 14 "... A la différence des Etats-Unis, le Dominion permet aux navires construits par l'Angleterre de se lancer dans n'importe quelle division de son commerce caboteur, avec ou sans enregistrement canadien, et de tels navires peuvent être importés par des armateurs canadiens, libres de tous droits. Les navires construits à l'étranger sont toutefois sujets à un droit de 25% qui constitue une protection pour le constructeur maritime britannique, mais laisse le constructeur maritime canadien sans protection, étant donné que le marché britannique est invariablement moins dispendieux que le marché canadien.

On ne doit pas permettre la détérioration des installations canadiennes de construction maritime.

P. 17 ... Sur les deux côtes, les installations existent pour la construction de n'importe quel type de navire requis. Depuis qu'elles ont été établies, on peut dire franchement que les constructeurs maritimes britanniques, avec un coût moins élevé de construction, ont enlevé la grosse partie de la clientèle des chantiers maritimes canadiens, les laissant subsister avec des travaux de réparation, et la construction de petits navires pour le gouvernement canadien.

Le Canada ne peut espérer qu'il concurrencera les chantiers maritimes britanniques ou étrangers sans une forme d'aide quelconque.

La réservation rigoureuse du commerce caboteur canadien aux vaisseaux construits au Canada, propriété de Canadiens et enregistrés au Canada, est la base sur laquelle l'industrie maritime domestique peut être maintenue et opérée. De plus, elle fournirait une base pour les entreprises maritimes canadiennes dans le commerce extérieur, particulièrement dans ces artères qui furent développées il y a longtemps et qui sont devenues importantes au cours des dernières années, i.e. les Indes Occidentales, le Mexique, l'Amérique Centrale, l'Amérique du Sud, la Nouvelle-Zélande, et l'Australie. L'encouragement des armateurs canadiens à maintenir des services avec ces pays avec des navires construits au Canada, avec un équipage canadien, est à juste titre un objectif compatible avec les traditions établies par notre histoire maritime passée, mais la base fondamentale d'un tel développement devrait être créée sous la forme d'un commerce caboteur protégé.

En se basant sur l'expérience acquise au cours des dernières années, on peut rapporter d'une façon concluante que si une portion de la construction maritime domestique n'est pas allouée, par les moyens suggérés, de façon à maintenir le personnel spécialisé des chantiers maritimes et l'entretien des chantiers dans les années d'après-guerre, ces installations se détérioreront en valeur et en efficacité et la poursuite de travaux de réparations vitales, d'une manière économique et expéditive, sera sérieusement préjudiciée. Il faudrait également noter que les ingénieurs pour les navires canadiens sont choisis parmi les hommes qui

ont fait leur temps dans les chantiers maritimes. A moins de pourvoir les jeunes Canadiens avec les moyens d'un tel entraînement, il y aura peu d'encouragement à se lancer dans une telle carrière.

Les cies de navigation du Canadien Pacifique et du Canadien National.

P. 18 ... Il est désirable de référer aux statuts des navires appartenant au gouvernement canadien et qui se livrent au commerce maritime. Pendant plusieurs années et jusqu'au début de la présente guerre, la cie. de navigation du Canadien National, et avant elle, des capitaux britanniques bien connus, opérèrent avec l'aide de subventions un service de passagers et de transport de marchandises de première classe entre les ports de l'Atlantique canadien et les Indes Orientales et l'Amérique du Sud au meilleur avantage du commerce canadien. Cette compagnie du gouvernement était également propriétaire et opérait une flotte de vaisseaux à passagers de grande classe en provenance des ports de Colombie Britannique. Ces vaisseaux étaient tous construits dans les chantiers maritimes anglais et il est bon de souligner que dans les circonstances actuelles les chantiers maritimes canadiens sont entièrement qualifiés pour entreprendre la construction de navires, même de cette grande classe, et étant donné que ces navires ont opéré avec l'aide de subventions provenant du peuple canadien, il devrait être concédé que les remplacements désirables pour rétablir et augmenter ces services dans la période d'après-guerre devraient être entrepris par une main-d'oeuvre et des ressources canadiennes.

Il est également désirable de référer aux statuts des vaisseaux naviguant à l'étranger, appartenant à la compagnie de chemins de fer du Canadien pacifique et opérés par cette dernière. Cette compagnie occupe une position unique et enviable dans le transport maritime, et on ne doit pas perdre de vue qu'elle est exposée à la concurrence de tout le globe dans l'opération de ces divers services étrangers. Le fait qu'elle ait si bien réussi est à la fois l'indice d'une direction compétente et un exemple de ce qui peut être obtenu dans le commerce maritime mondial par des intérêts canadiens.

Néanmoins, quoique tirant son aide et la plupart de ses revenus de sources en provenance du Dominion du Canada, sa politique relative à la construction, la réparation et l'opération de vaisseaux a fait très peu pour encourager le développement des intérets canadiens en cause.

(Les soulignés sont de nous).

Les chemins de fer du Canadien Pacifique ont un énorme capital investi au Canada. Pour

augmenter les revenus de ce capital, il semblerait logique que la compagnie fasse tout en son pouvoir pour encourager et assurer la permanence des industries canadiennes. L'industrie maritime canadienne a prouvé ses ressources et son habilité au cours de deux grandes guerres mondiales. Sa carrière, depuis l'établissement au Canada de la construction de navires en acier, a révélé son aptitude à construire et équiper le genre de navires requis dans les services intérieur et caboteur du Canadien Pacifique, et elle est maintenant bien qualifiée pour entreprendre la construction de ses navires marchands naviguant à l'étranger.

Nous désirons souligner que la compagnie des chemins de fer du Canadien Pacifique est en mesure de faire une contribution importante au maintien d'un commerce maritime d'après-guerre et une industrie de réparations maritimes, pourvu qu'une telle aide soit apportée pour permettre l'adoption d'une telle politique de façon qu'elle n'affecte pas défavorablement la position de concurrence de la compagnie dans la sphère du transport mondial.

Il y a d'autres capitaux canadiens intéressés dans le transport et opérant dans le commerce extérieur, à qui s'applique, jusqu'à un certain point, ce qui précède, et il est suggéré qu'une politique maritime adéquate soit étudiée et déterminée avec le moins de retard possible, étant donné que les conditions changeantes du commerce mondial qui vont vraisemblablement se produire durant la période d'après-guerre, permettront probablement un développement considérable dans des conditions favorables.

Bibliographie: Rapport pour la construction navale, présenté par l'Association canadienne de construction maritime et de réparation de navires, 28 juillet 1944 classé dans la bibliothèque de références à l'Université de Colombie Britannique.

DECLARATION DE M. CHEVRIER

SUR L'IMPORTANCE DU COMMERCE MARITIME CANADIEN

De l'éditorial paru dans Canadian Shipping, octobre 1953.

"Nous croyons que le temps est venu de rappeler des extraits d'un discours prononcé il y a quelque quatre ans par le Ministre des Transports devant la Chambre de Commerce de Toronto. Nous voulons les rappeler, d'une part parce qu'ils situent si bien les industries maritimes comme parties intégrantes de notre vie nationale; d'autre part parce qu'ils soulignent si fortement la coïncidence entre l'opinion du gouvernement et celles que nous répétons si fréquemment dans cette revue.

Nous citons: (1) "L'industrie maritime est l'âme de notre existence. Notre avenir à la fois dans la guerre et dans la paix dépend de son heureux fonctionnement".

(2) "Il est évident que le Canada ne peut plus compter sur les navires d'autres pays pour servir son commerce extérieur."

(3) "Le transport doit non seulement suivre le rythme du développement national mais il doit en précéder les exigences d'au moins une décade."

Les circonstances changent les cas mais afin d'éviter que quelqu'un se demande si les circonstances ont réellement changé ou non dans les derniers quatre ans, nous ajouterons ceci extrait d'un discours du même ministre devant l'Association américaine des officiers de ports, en septembre 1953: "C'est le transport efficace qui nous a faits ce que nous sommes aujourd'hui. De même un système de transport inefficace pourrait nous ruiner demain."

LES OUVRIERS CANADIENS ONT UN GROS ENJEU

DANS L'INDUSTRIE MARITIME

DE: L'Association canadienne de construction et de réparations maritimes, lettre circulaire no. 1 série VI, 1er décembre 1953.

"Les chantiers maritimes candiens eux-mêmes donnent du travail présentement à 19,000 personnes qui, avec leurs familles dépendent complètement de ce travail. Dans une douzaine ou plus d'Industries auxiliaires qui fournissent des matériaux et pièces composantes pour la construction et la réparation de navires, il y a approximativement 75,000 à 100,000 ouvriers qui comptent largement sur le travail maritime. Leurs salaires annuels se chiffrent facilement à $200,000,000.

Ceci est dû au genre d'opérations entreprises dans la construction navale. Un chantier maritime est un vaste atelier d'assemblage. Les pièces y sont canalisées en provenance d'une grande variété d'autres firmes et assemblées pour faire un navire.

La grande partie des argents qui entrent dans le coût d'un navire s'achemine vers ces autres compagnies et leurs employés.

Pour un gros navire marchand, environ 35% seulement du coût sera dépensé au chantier maritime. La proportion est moindre pour un vaisseau. Pour un bateau de guerre de $10,000,000. plus de $6,500,000. seront dépensés dans d'autres ateliers.

Tout ceci veut dire que plus de Canadiens que nous ne le croyons ont un gros enjeu dans l'industrie maritime."

S U P P L E M E N T

Nous présentons les renseignements qui suivent pour fournir des données additionnelles sur le transport et les chantiers maritimes du monde et du Canada. Bien que ces renseignements ne soient pas tous reliés directement à notre enquête principale, ils ont quand même, avec cette recherche, des rapports réels.

TABLEAU L

NOMBRE ET TONNAGE DES NAVIRES MARCHANDS LANCES DES PRINCIPAUX CHANTIERS MARITIMES DE LA GRANDE-BRETAGNE ET DE L'IRLANDE DU NORD AU COURS DE L'ANNEE 1952

Région	Nombre	Tonnage brut
Aberdeen	6	8,973
Barrow	2	30,964
Belfast	14	129,977
Clyde: Glasgow	57	277,199
Clyde: Greenock	22	170,566
Dundee	3	23,802
Hartlepools	8	45,347
Hull	37	14,302
Leith	14	28,877
Liverpool	13	68,403
Middlesbrough	13	122,756
Newcastle	25	201,338
Sutherland	26	170,892

Référence: Engineering, 13 mars, 1953, Vol. 175, No.:4546, P. 348

LES CHANTIERS MARITIMES DES ETATS-UNIS ABATTENT LES RECORDS DU TEMPS DE PAIX EN 1952

Pour la deuxième fois en deux ans, l'industrie des chantiers maritimes des Etats-Unis aborde une nouvelle année avec un volume sans précédent de travail à exécuter. On détenait déjà, au premier janvier 1953, des contrats pour la construction de 101 gros navires marchands d'un tonnage total brut de 1,446,645 tonnes (2,260,777 en poids mort) équipés de machinerie motrice de propulsion capable de produire 1,488,590 chevaux vapeur. Un autre groupe de 465 navires plus petits, à propulsion ou non-propulsés, porte la somme totale de navires en chantiers à 566, avec un tonnage (poids mort) de 2,645,782 tonnes et 1,588,411 chevaux vapeur de machinerie à propulsion.

... Un an plus tôt, soit le 1er janvier 1952, l'industrie du transport maritime avait en main des commandes pour la construction de 95 navires d'un tonnage brut total de 1,211,371 tonnes (1,750,974 tonnes poids mort) équipés de machinerie à propulsion capable de produire 1,412,010 chevaux vapeur.

Référence: Marine Engineering, Février 1953, Vol. LVIII, no.: 2

LA CONSTRUCTION MARITIME DANS LES CHANTIERS ETRANGERS

Les renseignements qui suivent s'expliquent par eux-mêmes et sont présentés pour mieux expliquer les conditions d'opération des chantiers maritimes étrangers.

... "Chose assez curieuse, par rapport à son importance comme pays commerçant maritime et constructeur de navires, l'Italie se place bien en évidence par sa construction de paquebots. Ceci s'explique, probablement, en premier lieu à cause du chômage dans ce pays, et en second lieu, parce que les propriétaires ne sont intéressés que dans environ 25% du coût, le solde provenant soit du gouvernement italien ou soit du Programme Marshall ou de la Commission de contrôle militaire alliée à Trieste. Pas moins de trois océaniques de 25,000 tonnes, 21 noeuds, sont présentement en construction."

Bibliographie: Marine Engineering & Shipping Review, novembre 1951.

TROISIEME PARTIE

A S P E C T S L E G A U X

A - COMMERCE MARITIME CABOTEUR ET INTERIEUR

1) Lois régissant le commerce maritime caboteur et intérieur

i) La Loi Maritime du Canada

Le commerce caboteur du Canada est régi par le chapitre XIII de la Loi Maritime du Canada, 1934, et tout particulièrement par les sections 661 et 665 de cette loi inclusivement. Ce chapitre prévoit qu'aucune marchandise ne sera transportée par eau ou par terre et par mer d'un endroit au Canada à un autre endroit au Canada, soit directement ou via un port étranger, ou pour une partie quelconque du trajet, dans un navire autre qu'un bateau britannique.

Le deuxième paragraphe de la section 663 de cette loi mentionne qu'aucun bateau autre qu'un bateau britannique ne transportera des passagers d'un endroit au Canada à un autre endroit au Canada, soit directement ou via un port étranger. Toujours d'après ce chapitre XIII de la Loi Maritime du Canada, 1934, aucun bateau britannique construit à l'étranger, indépendamment de son port d'attache, ne sera autorisé à se livrer ou prendre part au commerce caboteur du Canada sans avoir au préalable obtenu un permis à cette fin du Ministère du Revenu National.

Toutefois, il y a exception prévue par la sous-section 2 de la section 661 de la loi en ce qui concerne certains navires construits à l'étranger, capturés par les forces britanniques ou par des nationaux au cours de la première guerre mondiale ou par les forces du Commonwealth britannique ou ses nationaux au cours de la deuxième guerre mondiale, et enregistrés comme navires britanniques, a été rappelée en 1948 par 11 - 12 George VI, ch. 35, section 52, qui se lit comme suit:

> 52- Sous-section deux de la section six cent soixante-et un de ladite loi est rappelée et remplacée par ce qui suit:
>
> "(2) Tout vaisseau construit à l'étranger, capturé ou saisi au cours de la première guerre mondiale par les forces britanniques ou des nationaux ou au cours de la deuxième guerre mondiale par les forces du Commonwealth britannique ou ses nationaux et condamné comme prise de guerre ou cédé par des pays ennemis à toute autre partie du Commonwealth britannique ou ses nationaux, comme réparations, et enregistré comme bateau britannique, sera, pour les fins de cette partie de cette loi et des tarifs douaniers, considéré comme un bateau construit en Angleterre et ayant droit de se livrer au cabotage."

Pour obtenir un permis du Ministre du Revenu National, il est nécessaire pour les bateaux anglais construits à l'étranger de payer un tarif douanier de 25% AD VALOREM de la valeur marchande de la coque, machinerie, ameublement et accessoires de ces navires. D'après la section 665, il peut y avoir exception au sujet de ce tarif douanier, accordée par le Gouverneur général en conseil.

Le Ministère du Revenu National émet des permis pour le cabotage à des bateaux anglais non construits à l'étranger, en prouvant au Ministère que les navires sont régis par les sections 661 à 665 inclusivement de la Loi Maritime du Canada, 1934, et qu'en conséquence ils ont droit d'opérer dans le commerce caboteur du Canada. En plus de ce permis de cabotage émis sur demande et sur preuve suffisante de son "statut" réel, pour permettre à un bateau britannique d'opérer dans le commerce caboteur du Canada, son capitaine et deux autres personnes, ordinairement des officiers de la compagnie détenant ou opérant le navire advenant le cas ou le navire serait sous une charte-partie, doivent fournir une garantie de cabotage (formule D-11) au montant de cinq cents dollars ($500.00).

Les conditions requises pour obtenir cette licence de cabotage en plus de la fourniture d'une garantie de cinq cents dollars sont les suivantes:

a) La preuve que le navire, dont le propriétaire demande une licence de cabotage, est un navire de construction britannique, c'est-à-dire un navire construit dans une partie quelconque du Commonwealth des nations britanniques ou tombant dans les exceptions précitées relatives aux navires capturés, saisis ou cédés au cours d'une guerre;

b) La production d'un certificat d'enregistrement britannique établissant que c'est bien un navire anglais, c'est-à-dire un navire enregistré dans une partie quelconque du Commonwealth des nations britanniques et que ses ou tous ses propriétaires sont des sujets britanniques;

c) Que tous ses officiers sont détenteurs des certificats britanniques de compétence.

Toutefois, une licence de cabotage n'est pas toujours requise pour permettre d'opérer dans le commerce caboteur du Canada, mais il est utile pour prévenir le détenteur de cette licence d'établir son propre "statut" et le "statut" de son navire à l'officier de douanes à chaque endroit d'où son navire serait appelé à naviguer.

Le"garantie de cabotage" précitée doit se conformer aux "Dispositions de cabotage de ce Dominion". De telles dispositions n'ont jamais été émises jusqu'ici.

ii) La Loi de la Douane.

En plus du chapitre XIII, sections 661 à 665 de la Loi Maritime Canadienne, 1934, il y a aussi la section 65 de la loi de la Douane qui se lit comme suit:

"L'équipement ou toute partie de cet équipement, incluant les bateaux achetés ou fournis dans un pays étranger pour, ou les dépenses de réparations effectuées dans un pays étranger sur, un navire destiné à être employé, ou qui est par la suite employé, dans le commerce caboteur du Canada, sera, à l'arrivée de ce navire dans tout port canadien, s'il arrive en dedans d'un an après que les réparations ont été effectuées ou que les équipements ont été achetés ou fournis, sujet à une déclaration d'entrée et au paiement de la douane sur le coût de cet équipement dans le pays étranger:

a) sur les dépenses de réparations, vingt-cinq pour cent AD VALOREM;

b) sur l'équipement, y compris les bateaux, le même tarif douanier que si les articles étaient importés au Canada de la manière ordinaire.

2- Si le propriétaire ou le capitaine du navire, à dessein et sciemment, néglige ou manque de se rapporter, de faire sa déclaration d'entrée et de payer la douane, tel que requis par cette section, le navire, avec son attirail, équipement et ameublement, sera saisi et confisqué.

3- Si, toutefois, le propriétaire ou le capitaine du navire fournit une preuve satisfaisante que le navire, dans le cours régulier de son voyage, a été forcé par le gros temps ou par accident, d'accoster dans un port étranger pour effectuer lesdites réparations, afin de pourvoir à la sécurité du bateau ou pour lui permettre d'atteindre sa destination, ou qu'il serait impraticable de faire les réparations au Canada à cause de l'absence d'un quai de capacité suffisante pour recevoir le bateau, le Ministre peut autoriser le remboursement des douanes sur les réparations, et le navire ne sera pas sujet à la confiscation prévue à la sous-section précédente. 1908, c. 19, s. 2.

Et dans la même Loi de la Douane, à sa section 2, sous-section "s", un navire est défini comme suit:

s) "vaisseau" comprend tout navire, vaisseau ou bateau de n'importe quel genre, fonctionnant à la vapeur ou autrement, et soit utilisé comme bateau océanique ou sur les eaux intérieures seulement, et inclut aussi tout véhicule tel que décrit ci-dessus;

Et à la même section 2, la même Loi de la Douane, à la sous-section "ql" définit les droits de douanes comme suit:

q1) "valeur pour droit" signifie la valeur de l'article telle qu'elle serait déterminée pour les fins de calcul et les droits AD VALOREM sur l'importation au Canada de tel article sous les lois relatives aux douanes et aux tarifs douaniers, que tel article soit de fait sujet aux droits AD VALOREM ou autre, ou non;

Et la section 66 de la Loi de la Douane régissant l'excédent des magasins des navires arrivant au Canada se lit comme suit:

66- Les surplus de magasins des bateaux arrivant au Canada seront sujets aux mêmes droits et dispositions que s'ils étaient importés comme marchandises; mais si le propriétaire ou capitaine désire entreposer cette marchandise pour usage futur du navire, le collecteur peut lui permettre d'agir ainsi. R.S., c. 48, s. 71.

L'expression "pays étranger" signifie tout pays autre que le Canada, que cet autre pays fasse partie du Commonwealth britannique ou non.

II) La nécessité de changer la loi régissant le commerce caboteur au Canada.

i) Raisons du changement.

La position légale actuelle du commerce caboteur au Canada permet non seulement aux navires britanniques enregistrés au Canada, mais à tous les navires britanniques sans tenir compte de l'endroit où ils sont enregistrés ou équipés, de se livrer au commerce caboteur du Canada avec la seule restriction que s'ils ne sont pas de construction britannique, ils doivent au préalable obtenir un permis du Ministre du Revenu National et payer les vingt-cinq (25%) pour cent précités pour leurs réparations effectuées en pays étranger et les droits de douane sur leur équipement acheté dans un pays étranger.

Une disposition si peu exigeante pour des navires enregistrés en Grande-Bretagne ou dans d'autres parties du Commonwealth britannique aurait pu paraître suffisante si les navires enregistrés au Canada avaient pu concourir économiquement et opérer sur une base égale en ce qui concerne les conditions d'opération, mais tel ne fut jamais le cas et tout particulièrement depuis la dernière guerre.

Les navires enregistrés au Canada et détenus et montés par des canadiens ne peuvent pas concourir avec des bateaux opérés et montés par des propriétaires et marins de Grande-Bretagne ou de toute autre partie du Commonwealth britannique. Et l'intrusion de navires britanniques enregistrés en Grande Bretagne ou dans toute autre partie du Commonwealth britannique dans notre commerce caboteur, à cause d'une législation impropre, constitue un grave et sérieux danger pour l'avenir de notre commerce caboteur qui représente à ce moment la seule marine marchande que nous avions.

La navigation côtière devrait être plus importante pour le Canada que pour tout autre pays, dû à sa situation géographique et à ses vastes eaux côtières et intérieures. Mais les Grands Lacs ne sont rien d'autre que des océans intérieurs. Le commerce caboteur forme une école naturelle de marins et de propriétaires de navires. Si la législation actuelle, tolérant une compétition presqu'injuste qui force les armateurs de bateaux se livrant au commerce caboteur à lutter contre des conditions d'opération exceptionnellement dures, était maintenue, leur initiative privée pourrait manquer dans un avenir rapproché et ainsi entraîner le Canada dans une situation qui n'a jamais existé nulle part ailleurs et à laquelle il ne serait pas facile de faire face. Le Canada peut trouver ses eaux côtières infestées de navires enregistrés partout dans le Commonwealth britannique, sauf au Canada.

Plusieurs pays maritimes accordent une protection entière et spéciale à leurs propres bateaux se livrant au cabotage à peu près de la même façon qu'à leurs compagnies aériennes.

Aucun étranger n'aurait l'autorisation d'établir des lignes aériennes dans les limites d'un pays dans le but de transporter des passagers et de la marchandise d'un endroit à d'autres endroits dans ce pays et ainsi de faire une concurrence injuste aux propriétaires de lignes aériennes de ce pays. Est-ce que le Canada permettrait aux propriétaires de lignes aériennes américaines de faire concurrence à nos propriétaires de lignes aériennes?

C'est un fait bien connu que le coût d'opération de bateaux enregistrés au Canada, avec le niveau de vie canadien, les salaires et les conditions de travail, ainsi que les réparations et les remises en état effectuées dans nos propres chantiers maritimes avec de la main-d'oeuvre canadienne, est sensiblement plus élevé que le coût d'opération de navires enregistrés dans d'autres parties du Commonwealth britannique, et particulièrement, en Grande-Bretagne. Le coût élevé d'opération d'un navire enregistré au Canada étant un fait bien connu, nous ne voyons pas la nécessité d'entrer dans les détails relativement à cet avancé.

La dévaluation du sterling et des autres devises depuis la dernière guerre a aussi contribué à accentuer les avantages compétitifs des bateaux enregistrés en Grande-Bretagne ou ailleurs dans le Commonwealth britannique. La concurrence accrue des bateaux anglais a reçu une impulsion du désir persistant du gouvernement anglais de se procurer des dollars canadiens et par l'augmentation de la concurrence entre les bateaux dans le commerce international.

L'entrée de Terre-Neuve dans la Confédération a aggravé le problème déjà aigu de la concurrence. Ce commerce entre Terre-Neuve et les autres provinces du Canada était entrepris par des bateaux enregistrés au Canada et à Terre-Neuve. Maintenant ce commerce est menacé par l'intrusion des bateaux britanniques enregistrés en Grande-Bretagne.

Il n'y a aucun doute qu'en laissant les navires britanniques continuer à opérer dans le commerce caboteur du Canada de la même façon qu'ils l'ont fait depuis la dernière guerre, c'est encourager une concurrence qui, éventuellement et dans un avenir rapproché, chassera toute concurrence des bateaux enregistrés au Canada, étant donné que les bateaux enregistrés au Canada ne peuvent pas opérer avantageusement avec les revenus qui ne couvriraient même pas leurs dépenses d'opération.

En d'autres mots et pour résumer, à moins que la navigation canadienne, c'est-à-dire les bateaux enregistrés au Canada et opérés dans des conditions canadiennes, soient dûment protégés contre la concurrence de bateaux d'autres pays, y compris ceux enregistrés en Grande-Bretagne ou dans une autre partie du Commonwealth britannique, le commerce caboteur du Canada se trouvera en face d'une situation financière désastreuse et irrémédiable.

On doit craindre la concurrence des bateaux britanniques entre Terre-Neuve et les autres parties du Canada. On doit également s'attendre à la concurrence de bateaux britanniques enregistrés en Grande-Bretagne ou dans les autres parties du Commonwealth britannique, prenant des cargaisons dans les Maritimes, remontant en lest ou avec une cargaison partielle vers Québec et Montréal, à un taux de transport que l'on peut appeler "taux de sacrifice". Avec le développement industriel qui se produit sur la côte nord du Saint-Laurent et aussi sur la côte sud, dans la péninsule gaspésienne, et le développement de la route maritime du Saint-Laurent aux Grands Lacs, une concurrence accrue de bateaux enregistrés en Grande-Bretagne et d'autres parties du Commonwealth britannique, doit certainement anticiper.

Si le Canada a l'intention de conserver une flotte marchande quelconque - et si le commerce caboteur de toute nation maritime a toujours fait la force d'une flotte marchande océanique - et un groupe de marins capables de manoeuvrer ses bateaux en temps de guerre ou d'urgence, il est absolument nécessaire que la loi actuelle relative à notre commerce caboteur et à laquelle nous référons plus haut, soit amendée de manière à assurer une protection complète aux bateaux appartenant à des propriétaires canadiens enregistrés au Canada pour le cabotage. L'amendement à la loi actuelle semble plus urgent que jamais auparavant depuis le déclin de notre flotte océanique. Le Canada affronte aujourd'hui cette alternative inévitable: soit protéger par tous les moyens son propre commerce caboteur ou voir son propre commerce caboteur chassé des eaux canadiennes par la concurrence de bateaux enregistrés en Grande-Bretagne ou dans les autres parties du Commonwealth britannique.

Il serait aussi à conseiller de stipuler dans la future loi le remplacement des bateaux démodés de façon à toujours posséder une flotte côtière et fluviale entièrement en état et capable d'effectuer adéquatement les services de transport par eaux que la population du Canada est en droit d'attendre.

Et lorsque nous parlons de notre commerce caboteur canadien, nous ne voulons pas seulement parler des bateaux tenus en opération ou du groupe d'hommes nécessaires pour les monter et de former une institution capable de se développer en temps d'urgence qui ne doit jamais être perdu de vue, mais aussi les chantiers maritimes et les ouvriers spécialisés de ces chantiers, dont l'habileté est utilisée pour la réparation et l'entretien en bon état navigable des navires se livrant au commerce caboteur.

L'entente maritime du Commonwealth britannique qui fut signée par les gouvernements respectifs des différentes parties du Commonwealth britannique ne permet pas une restriction immédiate du commerce caboteur canadien aux navires enregistrés au Canada.

Un avis d'un an est requis pour pouvoir changer une disposition quelconque de cette entente. Cette entente et tout particulièrement les dispositions relatives au droit des navires enregistrés dans toute partie du Commonwealth d'opérer dans le commerce caboteur de tout endroit sur un même pied qu'un bateau enregistré dans cet endroit, sont complètement favorables au Royaume Uni et peut-être à quelqu'autre partie du Commonwealth britannique, mais ne sont ni n'ont jamais été favorables au Canada. Au contraire et pour les raisons déjà soumises ci-dessus, elles sont sérieusement préjudiciables au commerce caboteur du Canada. C'est un fait bien connu que les bateaux enregistrés au Canada ne pourraient jamais venir en concurrence dans le commerce caboteur de Grande-Bretagne avec les vaisseaux enregistrés en Grande-Bretagne.

Il est toutefois inutile d'ajouter que dans le cas de certains navires enregistrés en Grande-Bretagne qui se livrent et qui se sont livrés au commerce caboteur canadien depuis plusieurs années, il serait recommandable de leur donner un avis approprié. Cependant, des exceptions à la politique que nous préconisons pourraient être faites pour une période de temps limitée relativement à ces quelques navires, s'il n'y a pas d'autres navires enregistrés au Canada en mesure d'assurer les services accomplis par de tels navires.

Nous ne croyons pas nécessaire, toutefois, d'insister sur tous les différents sujets auxquels peuvent s'appliquer toutes et chacune des diverses sections de notre Loi Maritime Canadienne de 1934, aussi bien que ses annexes et appendices, reproduisant en grande partie les ententes internationales auxquelles le Canada a adhéré à différentes dates, et concernant, entre autres choses, l'âge minimum pour être admis au travail maritime, l'entente de travail des marins, le rapatriement des marins, la protection de la vie humaine en mer, la ligne Plimsoll, et ses marques, les règlements relatifs à la construction de navires marchands, les normes de sécurité et d'équipement, règles relatives aux routes maritimes, pour la prévention de collisions, le chargement de marchandises, l'inspection de navires, etc. etc. Nous croyons que ce n'est pas de notre devoir d'insister longuement sur l'importance, pour un pays exportateur comme le nôtre, de posséder une flotte marchande océanique. Ce sujet appartient au domaine économique plutôt qu'au domaine purement légal. Cependant,

il est toujours difficile d'ignorer l'influence d'un domaine sur l'autre; le domaine économique ou vice-versa. Nous exprimons donc sans exagération l'importance que joue la loi sur notre commerce maritime.

Un pays situé géographiquement comme le nôtre, avec ses côtes balayés par les océans Atlantique, Pacifique et Artique, tout aussi bien que par ses océans intérieurs, tels les Grands Lacs, a besoin d'une marine marchande océanique d'un important tonnage, au moins satisfaisante pour assurer le transport d'une partie plus substantielle de ses exportations et de ses importations. Ceci semble établi comme indispensable à sa prospérité et sa protection.

C'est notre intention, cependant, de suggérer que nous préconisons au moins ce qu'on pourrait appeler "une marine marchande de poche", s'il nous est permis de nous exprimer ainsi. Une marine marchande capable de transporter au moins environ 50% de nos exportations ou importations.

Nous soumettons respectueusement que nous requérons une marine marchande au moins proportionnée aux besoins du Canada pour son commerce extérieur, parce que nous prenons en considération les besoins réels du commerce extérieur. De fait, nos exportateurs et importateurs, en négociant dans la sphère du commerce international avec des pays possédant des navires marchands, sont souvent obligés d'en venir à un compromis avec leurs clients à l'effet d'accepter que la marchandise achetée ou vendue soit transportée par des bateaux appartenant à la nationalité du client étranger.

Notre Loi Maritime est en grande partie seulement une reproduction de la Loi de la Marine Marchande anglaise de 1894. Nous soumettons respectueusement qu'il serait probablement avantageux pour notre commerce maritime de procéder à une revision complète de notre Loi Maritime du Canada de 1934 de façon à modifier certaines sections qui ne sont pas facilement applicables à nos conditions locales de commerce maritime, et l'armement du commerce maritime canadien.

Les Etats-Unis d'Amérique, dans leur Loi de la Marine Marchande de 1936, chapitre 1, article 101, font la déclaration de principe suivante, qui, nous croyons, pourrait être résumée de façon à démontrer ce que nos voisins du sud pensent de l'importance d'une flotte marchande océanique et côtière.

> "Il est nécessaire pour la défense nationale et le développement de son commerce extérieur et domestique que les Etats-Unis aient une marine marchande:
>
> a) suffisante pour le transport par la voie maritime de son commerce domestique et <u>une partie substantielle de son commerce extérieur d'exportation et d'importation</u> et de fournir un service maritime sur toutes les routes essentielles pour le maintien du flot de tels commerces domestique et extérieur par voie maritime en tout temps;
> b) capable de servir d'auxiliaire naval et militaire en temps de guerre ou d'urgence nationale;

c) possédée et opérée sous le drapeau des Etats-Unis par des citoyens des Etats-Unis dans la mesure où c'est praticable et

d) composée des navires les mieux équipés, les plus sûrs et les plus convenables, construits aux Etats-Unis et montés par un équipage américain bien entraîné et efficace. Il est par les présentes déclaré que ce soit la politique des Etats-Unis de promouvoir le développement et d'encourager le maintien d'une telle marine marchande".

Comme vous venez de le lire, les Etats-Unis, dans le préambule de leur loi de la marine marchande de 1936, mentionnent la nécessité de maintenir une marine marchande suffisante pour le transport d'une partie substantielle de leur commerce extérieur d'exportation et d'importation par voie maritime.

Ils ne stipulent pas le transport par bateaux américains de toutes leurs exportations et importations précisément parce que, en réalistes qu'ils sont, ils prennent en considération les mille et une allocations et nécessités du commerce international et de l'industrie du transport par voie maritime.

Comme nous l'avons précédemment mentionné au début de ce rapport sur la marine marchande océanique du Canad , nous avons tout ce qu'il faut dans notre Loi Maritime du Canada de 1934 pour protéger, légalement, une flotte marchande océanique canadienne. D'autre part, depuis la fin de la guerre, nos navires marchands océaniques et leurs équipages ont été régis par notre Loi Maritime du Canada de 1934.

Nous comprenons qu'il n'est pas question que le Canada possède une marine marchande océanique comme celle de nos voisins, les Etats-Unis, mais tout de même, il y a une marge. Permettez-nous de suggérer qu'une étude sérieuse des moyens légaux d'actions les plus pratiques devrait être effectuée en vue d'aider à la création, au développement et au maintien d'une flotte marchande océanique canadienne comprenant suffisamment de navires pour transporter, tel que mentionné plus haut, en respectant les exigences et les allocations du commerce international, une partie substantielle de nos produits exportés ou de la marchandise importée.

Depuis la dernière guerre, presque tous les gouvernements des pays maritimes ont trouvé les moyens légaux appropriés pour aider leurs propriétaires nationaux de navires à construire et entretenir leurs navires océaniques, soit par des prêts à long terme, permettant le remplacement de leurs bateaux qui sont devenus désuets, de manière à rencontrer la concurrence des navires d'autres pays, ou dans certains cas, par des subventions directes, en plus, lorsqu'il s'agit de routes indispensables pour maintenir le commerce extérieur: routes commerciales qui sont d'intérêt national.

ii) Loi du connaissement.

Comme tous les autres pays maritimes, nous avons notre propre loi régissant le transport des marchandises par eau tout autant que notre loi du connaissement. Cette loi du connaissement peut être trouvée au chapitre 16 (S.R.C. 1952), alors que la loi du transport des marchandises l'est à I Edouard VIII, chapitre 49. Cette loi entra en vigueur le 1er août 1936, en même temps que notre loi de la marine marchande du Canada de 1936. Cette loi de 1936 relative au transport de la marchandise par eau s'applique, selon l'article 2 du préambule, au transport par eau de la marchandise d'un port canadien à un autre port canadien ou à tout autre port situé hors du Canada.

Elle régit le transport par eau de tous genres de marchandises à l'exception d'animaux vivants, ou de marchandise chargée sur le pont du navire.

Nous référons à ces deux lois afin de démontrer davantage que nous avons dans nos statuts fédéraux les atouts légaux nécessaires, pour ainsi dire, de façon à protéger adéquatement notre marine se livrant au commerce océanique d'un port canadien à un autre port canadien ou aux ports étrangers. Il ne reste que le besoin d'élaborer une législation capable de <u>protéger économiquement</u> nos constructeurs canadiens de navires contre la concurrence étrangère: législation qui constituerait un ajustement pour stabiliser étroitement les conditions économiques dans le monde; une pièce de structure légale sur laquelle les armateurs peuvent compter pour l'opération et le remplacement de leurs navires. Une telle législation stimulerait les affaires dans ce domaine vital du transport maritime. Nous utilisons le mot vital, parce qu'en temps de crise et d'urgence, c'est un cas où chaque gouvernement pourrait réquisitionner les navires des nationaux de son propre pays, ce qui pourrait gêner considérablement nos propres moyens d'action.

iii) La Loi de la Commission Maritime Canadienne

En dernier ressort, nous esquissons l'existence au Canada tout comme chez nos voisins, les Etats-Unis, d'une Commission Maritime instituée par la loi II George VI, chap. 52, dans l'intérêt de notre marine marchande océanique et de cabotage.

Selon l'article 6 de la loi, la Commission Maritime Canadienne considère et recommande au Ministre des Transports:

Article 6- "La Commission considérera, et recommandera au Ministre, de temps à autre, de telles politiques et mesures qu'elle considère nécessaires pour l'opération, l'entretien, l'armement et le développement de la marine marchande, et une industrie de construction et de réparation maritimes proportionnée aux besoins maritimes canadiens".

L'article 7 de la loi définit les pouvoirs de la Commission.

Article 7- "La Commission peut examiner, vérifier et conserver des dossiers sur:

a) Les services maritimes entre les ports canadiens au Canada à des ports hors du Canada qui sont requis pour le bon entretien et l'avancement du commerce domestique et extérieur du Canada;

b) Le genre, les dimensions, la vitesse et autres exigences des navires qui sont, et de l'avis de la Commission qui devraient être employés dans de tels services;

c) Les installations au Canada pour la construction, la réparation et la mise en bon état des bateaux;

d) Le coût de la construction, réparation et mise en bon état de bateaux au Canada et dans d'autres pays;

e) Le coût de l'assurance maritime, l'entretien, les réparations, salaires et subsistance des officiers et du personnel, et tous les autres item de dépenses pour l'opération de bateaux sous enregistrement canadien ainsi que la comparaison de cela avec des bateaux similaires opérant sous un autre enregistrement;

f) Tout autre sujet que le Ministre peut requérir ou que la Commission peut juger nécessaire pour la mise en vigueur de toute disposition ou but de cette loi.

Nous croyons que les remarques précitées relatives au système de législation maritime, existant présentement dans nos statuts fédéraux, devraient suffire à établir la suffisance de notre législation maritime en ce qui a trait à la règlementation, proprement dite, de bateaux océaniques et au transport de marchandises par eux.

Tel que mentionné précédemment, une revision de certaines sections de la Loi de la Marine Marchande du Canada de 1934 devrait être faite, de façon à rendre quelques dispositions de ces sections plus facilement adaptables à certaine navigation et conditions maritimes locales.

Avant de terminer, nous désirons soumettre respectueusement que les Etats-Unis chargent un droit AD VALOREM de 50% sur toutes les réparations effectuées, et l'équipement acheté outre-mer. Ce droit est remboursé sur présentation d'une preuve que les réparations exécutées, ou l'équipement acheté, étaient dus à un accident en mer ou par le gros temps. Ici, conformément à notre loi de la douane, nous ne pouvons imposer dans les mêmes circonstances que 25% AD VALOREM.

IV Entente sur le commerce maritime du Commonwealth britannique.

Il reste à parler de l'entente sur le commerce maritime du Commonwealth britannique, signée à Londres, le 10 décembre 1951.

Cette entente contient 26 articles et est subdivisée en 10 chapitres:

CHAPITRE I	-	Statue commun
CHAPITRE II	-	Mesures de sécurité
CHAPITRE III	-	Application extra-territoriale des lois
CHAPITRE IV	-	Egalité de traitement
CHAPITRE V	-	Discipline intérieure et l'embauchement et le licenciement des marins
CHAPITRE VI	-	Certificats des officiers
CHAPITRE VII	-	Enquêtes sur la navigation
CHAPITRE VIII	-	Relève et rapatriement des marins; salaires et effets des marins décédés
CHAPITRE IX	-	Offenses à bord du navire
CHAPITRE X	-	Général

L'article 10 de cette entente se lit comme suit:

CHAPITRE IV

Egalité de traitement

Article 10- "Chaque partie du Commonwealth britannique accepte de donner accès à ses ports et ce, à termes égaux, à tous les navires enregistrés dans le Commonwealth britannique et s'engage à ce qu'aucune loi ou règlement, en vigueur en aucun temps à cet endroit, et relative à des bateaux océaniques, ne s'applique plus favorablement aux bateaux enregistrés à cet endroit ou aux bateaux de tout pays étranger, qu'aux navires enregistrés en tout autre endroit du Commonwealth".

L'article 11 se lit comme suit:

Article 11- "Alors que toute partie du Commonwealth britannique peut règlementer son propre commerce caboteur, il est entendu que toute loi ou règlement de temps à autre applicable à cette fin, considérera tous les navires enregistrés dans le Commonwealth britannique, exactement de la même façon que les bateaux enregistrés à cet endroit, et pas moins favorablement sous tous rapports que tout navire d'un pays étranger".

Ces deux articles démontrent largement l'égalité de traitement requis par l'entente pour tous les navires enregistrés dans tout port du Commonwealth britannique.

Finalement, conformément à l'article 24, un avis de douze mois est nécessaire pour permettre à une nation signataire de se retirer de cette entente.

L'article 24 se lit comme suit:

Article 24- "La présente entente deviendra en vigueur le 10 décembre 1931, et demeurera au grand complet pour une période de cinq ans et ainsi de suite jusqu'à ce que le gouvernement de tout endroit du Commonwealth ne donne avis de son intention de se retirer de cette entente ou de tout article de cette entente. Un avis de retrait, s'il est envoyé aux gouvernements de tout autre endroit du Commonwealth entrera en vigueur en ce qui concerne la partie donnant l'avis, dans la mesure qui y est mentionnée, à l'expiration de douze mois de la date de son envoi, mais n'affectera pas autrement la continuité complète de la présente entente".

II) Nécessité d'un changement dans la loi régissant la marine marchande de haute mer.

En terminant, permettez-nous de soumettre respectueusement les suggestions suivantes:

a) Le maintien d'une flotte marchande océanique canadienne, au moins suffisante pour transporter 50% environ de nos exportations et de nos importations;

b) L'étude, la préparation et l'adoption d'une législation, propre à aider constamment, par les moyens les plus appropriés, nos concitoyens, les armateurs, à combattre la concurrence qui existe actuellement.

et comme complément à (b):

c) L'étude et l'adoption d'une législation qui permettrait aux armateurs canadiens de remplacer les bateaux désuets, par des navires neufs et rapides avec lesquels ils peuvent concurrencer avantageusement les pays étrangers;

d) L'étude et la revision de certaines sections de notre Loi Maritime Canadienne de 1934 de façon à rendre encore plus avantageuse son adaptation aux conditions locales du commerce maritime et au transport par eau;

e) Un amendement à notre Loi de la douane, de façon à astreindre à un droit de 50% AD VALOREM tous les navires marchands océaniques qui, sans qu'il y ait urgence ou nécessité, font usage des chantiers maritimes étrangers pour leurs réparations, ou encore achètent tout ou partie de leur équipement dans des pays étrangers;

f) De dénoncer l'entente sur le commerce maritime du Commonwealth britannique, signée à Londres, le 10 décembre 1931, de manière à protéger nos armateurs contre la concurrence des bateaux enregistrés dans d'autres parties du Commonwealth britannique.

CHAPITRE IV

SOMMAIRE DES SUBSIDES POUR LE COMMERCE ET LA CONSTRUCTION MARITIME ET DES AUTRES FORMES D'AIDE MARITIME

Cet aperçu est destiné à démontrer que les subsides et autres formes d'assistance aux industries maritimes sont presque universels dans les grandes nations maritimes. C'est notre but d'indiquer l'existence de ce système et de demander une explication pour le refus du Canada d'adopter une ligne de conduite similaire afin de protéger une industrie-clé dont l'existence est vitale pour la politique commerciale et la souveraineté économique du Canada.

Le fait demeure que le gouvernement du Canada doit être au courant de l'usage étendu des subventions: le deuxième rapport de la Commission Maritime Canadienne, daté du 30 juin 1949, portait une annexe intitulée "Aide Maritime Nationale: un résumé des systèmes en vigueur". De fait, il semble y avoir très peu de doute que la Commission Maritime Canadienne exerce une surveillance continuelle sur les changements et les développements dans la politique des subventions.

L'énumération ci-dessous est basée sur:

1. Annexe A au rapport de 1949 de la Commission Maritime Canadienne.

2. Annexe E et F de "Subventions maritimes", publiées en août 1951 par la National Federation of American Shipping Inc. (Même si les éditeurs ne sont pas totalement désintéressés, les renseignements sont, sans l'ombre d'un doute, authentiques et utiles).

3. Diverses revues du gouvernement américain.

4. Des publications périodiques des Etats-Unis et du Royaume-Uni, telles "The Shipping World", "Shipping and Ship-building Record", "Business Week" et "U.S. News and World Report".

Cette étude n'a pas la prétention d'être définitive ou complètement à date, mais nous croyons qu'elle établit d'une façon concluante que les subventions sont de règle plutôt qu'exceptionnelles dans les pays du monde les plus avancés et les plus importantes nations commerciales.

Nous n'avons nullement tenté d'évaluer l'efficacité des divers systèmes exposés, pas plus que nous proposons, à ce moment, une ligne de conduite à adopter. Mais nous insistons sur le principe. De nos jours, un pays, comme le Canada, qui compte sur le commerce étranger, doit posséder sa propre marine marchande, et ceci signifie des subventions. Une fois que le principe est accepté, il restera assez de temps pour entrer dans les détails.

ARGENTINE

"Alors qu'avant la deuxième guerre mondiale, l'Argentine montrait peu d'intérêt dans une marine marchande océanique, le gouvernement a, depuis la guerre, poursuivi une ligne de conduite avec l'intention de développer et de protéger une flotte marchande assez considérable. Comme résultat, la flotte marchande du gouvernement argentin se chiffre maintenant à 600,000 tonnes".

"Par décret officiel, les cargaisons achetées ou vendues par le gouvernement argentin, doivent être transportées, autant que possible, dans des bateaux argentins à des taux de frêt approuvés par le département de la flotte marchande. Les risques assurables pour le compte des importateurs et exportateurs nationaux doivent être couverts par des compagnies d'assurances argentines".

"Un impôt sur le revenu, perçu sur les gains nets provenant du fret, est imposé aux navires étrangers utilisant les ports argentins, exemptant seulement les bateaux des pays avec lesquels des ententes mutuelles d'exemption de taxes ont été négociées. Pour déterminer la taxe, les revenus nets sont calculés comme représentant dix pour cent du fret brut. Le gouvernement, comme moyen d'encourager le développement de la flotte, exempte de la taxation une proportion normalement imposable des revenus des armateurs nationaux qui affectent au-dessus de trente pour cent de leurs profits à l'achat de nouveaux bâtiments".

"Un traitement préférentiel est accordé aux navires argentins en établissant les droits de ports, les droits légers et les frais de pilotage".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).
(Voir item extrait du "Monde Maritime", sous Chili).

AUSTRALIE

"Le gouvernement australien, à sa seconde tentative de se lancer avantageusement dans le commerce maritime, a confié, depuis le début de 1946, l'opération de sa flotte de vingt-six navires marchands et des bateaux additionnels nolisés à la Commission Maritime Australienne. La première expérience de la possession de navires par l'Etat, découlant de la première guerre mondiale, s'est terminée en 1927 par une lourde perte financière pour la nation".

"La Loi Maritime Australienne, 1949, confie à la Commission Maritime Australienne le contrôle de tous les navires de possession australienne, le développement de la construction maritime dans le Commonwealth, et l'établissement d'une compagnie maritime du Commonwealth pour opérer le commerce caboteur et le commerce extérieur. Parmi les navires excédant 200 tonnes brutes, seulement ceux construits en Australie et en-dessous de 24 ans d'âge seront licenciés pour se livrer au commerce caboteur. Le gouvernement achètera les bateaux construits dans les chantiers maritimes domestiques et les revendra à des armateurs privés à un prix moindre, pourvu que la différence dans le prix (c'est-à-dire le montant de la subvention de construction) ne dépasse pas vingt-cinq pour cent du coût d'un bateau similaire construit au Royaume-Uni".

"Les navires qui ne sont pas australiens sont passibles d'une taxe de l'Australie sur le revenu et d'une taxe pour le service social, sur une estimation de un-vingtième du fret de sortie et du prix des passages qui découlent du commerce avec le Commonwealth".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

BELGIQUE

"Sauf quelques services maritimes dans lesquels l'Etat a directement participé, l'industrie maritime belge a été développée par des entreprises privées avec l'aide de prêts gouvernementaux à un taux minime d'intérêt. La flotte marchande s'est livrée à un commerce mineur à l'exclusion de la navigation à la cueillette".

"Comme indice de la continuation de sa ligne de conduite, le gouvernement belge, par une loi passée en août 1948, a créé un fonds pour la construction maritime et pour la possession de navires, au montant de deux milliards de francs ($45.6 millions à $0,228 au franc) pour promouvoir la construction et l'acquisition de nouveaux bateaux par des armateurs nationaux. Le fonds, administré par une Commission technique pour le crédit maritime, prévoit 300 millions de francs par an pour des prêts et des avances jusqu'à soixante-dix pour cent de la valeur des acquisitions projetées".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

Il est intéressant de noter que "Subventions Maritimes", publiée par la National Federation of American Shipping Inc., donne à peu près les mêmes renseignements, mais les voit d'une façon beaucoup plus claire:-

A- PRETS ET OCTROIS

"Le Ministre de la marine marchande, selon une loi votée en août 1948, peut obtenir la garantie de l'Etat pour des prêts consentis aux armateurs belges par une institution nationale de crédit, et utilisés pour le développement du tonnage de la flotte marchande belge. Ces obligations se chiffreront à une somme de $577,000,000 de laquelle $22,800,000 peut déjà être obtenue". "Une loi d'août 1948 établissait un fonds pour la construction et la possession de navires, au montant de $45,600.00, duquel $4,560,000 par an peut être utilisé pour la construction et l'achat de bateaux, au moyen de subventions aux armateurs pour une période de 10 ans".

BRESIL

"La marine marchande brésilienne, dont une partie appartient à l'Etat, a reçu l'assistance de l'état au moyen de subventions de construction et d'opération, de prêts, d'une variété d'exemptions de taxes, et d'un commerce caboteur réservé. Des priorités de mouillage et d'entreposage dans les ports congestionnés du Brésil constituent aussi une forme d'assistance gouvernementale au commerce maritime national".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).
(Voir item extrait du "Monde Maritime, sous Chili).

CHILI

"L'Association était représentée à une réunion de la Chambre Internationale du Commerce Maritime, à Londres, le 21 janvier 1953. La discussion sur la pavillon distinctif dévoila les craintes générales envers la tendance croissante depuis la fin de la guerre, de la part de quelques pays, particulièrement ceux de l'Amérique du Sud et de l'Amérique Centrale, à considérer les exportations et les importations vers leurs pays comme un commerce national et ainsi de réclamer le droit de faire des distinctions en faveur des navires battant le pavillon national contre les bateaux battant un pavillon étranger, en ce qui concerne le transport maritime des marchandises".

"L'Association presse le gouvernement de Sa Majesté d'utiliser tous les moyens à sa idsposition pour enrayer la distinction qui se pratique contre les navires britanniques par des pays tels que l'Argentine, le Brésil et le Chili et plusieurs autres.... Le commerce maritime britannique ne recherche aucune distinction en sa faveur de la part de son propre gouvernement et n'en a reçu aucune. Il est satisfait de concourir sur la base du mérite de ses propres services en concurrence libre avec d'autres pays". "Comme exemple illustrant ce qui a été dit plus haut, on peut citer un rapport fait récemment au gouvernement du Chili par une organisation d'armateurs en ce pays. Le rapport proposait (inter alia) le genre suivant d'action de la part du gouvernement:

(i) L'inclusion d'une clause exigeant 50/50 comme minimum dans tous les traités et ententes consentis par le Chili;
(ii) L'inclusion de cette clause dans tous les permis d'importation et d'exportation;
(iii) D'exiger que les exportations vers les pays qui ne possèdent pas de marine marchande propre soient transportées dans des navires du Chili;
(iv) D'ordonner que les navires étrangers nolisés pour le transport de produits chiliens soient opérés par des compagnies maritimes chiliennes".

(Extrait d'un article sur le rapport annuel de "The Liverpool Steamship Owners' Association.) ("Le Monde Maritime, 18 mars 1953).

DANEMARK

"Le commerce maritime danois a été opéré presque entièrement par l'entreprise privée, indépendamment de l'aide de l'Etat. Même si aucun subside n'a été payé, le gouvernement encourage les armateurs à acquérir du nouveau tonnage en permettant une dépréciation exempte de taxes sur une période de deux ans par rapport au coût excédant les prix d'avant-guerre".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

FRANCE

"Une assistance gouvernementale considérable sous forme de subventions, de subventions postales, garanties de prêts maritimes, exemptions de taxes et un commerce réservé, a toujours été une caractéristique du commerce maritime français dans le passé. Depuis la guerre, le gouvernement est devenu le principal actionnaire de deux grosses compagnies maritimes, la Compagnie Générale Transatlantique et la Compagnie de Messageries Maritimes. Libérées de la menace d'étatisation, les autres firmes maritimes demeurent sujettes pour une période de deux ans à un genre de contrôle gouvernemental sur les commerces et les taux de fret. Les réquisitions maritimes furent, cependant, discontinuées par une loi du 28 février 1948".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

A- ASSISTANCE D'EXPLOITATION

"Une assistance générale fut accordée par une loi de juin 1934, sous forme de prime d'encouragement à la navigation (sur la base d'une tonne-jour), applicable au commerce caboteur ou au commerce extérieur, dans le but de contrecarrer les conditions concurrencielles défavorables. Près de $6,000,000 furent versés à cette fin en 1935".

"Cette loi a été prolongée cinq fois et en dernier lieu prolongée jusqu'au 31 décembre 1951".

"Par la loi de juin 1938, les droits sur l'importation du pétrole raffiné furent divisés parmi les navires citernes battant pavillon français".

"D'après les ententes existantes, le gouvernement français en 1936 a remboursé quatre compagnies subventionnées jusqu'à concurrence de $33,000,000 de déficit d'exploitation".

"Les estimés de subventions pour la marine marchande française se chiffraient à au-delà de $17,000,000 pour 1948".

B- PRETS ET OCTROIS

"Entre 1925 et 1930, des contrats furent passés entre le gouvernement et le Crédit Foncier (une institution semi-officielle de crédit) avec la garantie du gouvernement de payer toute contribution d'intérêts. La contribution d'intérêts de la part du gouvernement était de $220.000 annuellement entre 1928 et 1933. De 1933 à 1936, elle était de $201.000 annuellement. De 1937 à 1940, la subvention pour le paiement des intérêts était de $265,000 annuellement et augmenta à $576,000 annuellement de 1938 jusqu'à 1941".

"En 1938, le Bureau National Français pour le combustible liquide était autorisé à avancer presque $6,000,000 portant intérêt à 2½%, à la Compagnie Française de transport de pétrole".

(Annexe E. Subventions Maritimes).

ALLEMAGNE

"Les armateurs établis et expérimentés sont supportés par le gouvernement sous forme de prêts pour la construction de navires. Les firmes qui font crédit à la construction maritime sont exemptes de taxes sur les intérêts. Ceci amena la création de plusieurs nouvelles petites compagnies maritimes exploitant pour la plupart seulement un ou deux bateaux pour le commerce caboteur".

(Extrait du "Monde Maritime"... 14 janvier 1953).

"Quand tous les bateaux (prévus) auront été complétés, la flotte marchande germanique se chiffrera à approximativement 2,100,000 tonnes brutes. Mais ce n'est pas la limite du développement envisagé en Allemagne. Parlant à Brême récemment, le Ministre Général des Transports déclara que l'objectif était une flotte de 3,500,000 tonnes brutes, qui ne serait pas beaucoup moins que le total d'avant-guerre. Une flotte de cette dimension, rétablirait, comme question de fait, l'Allemagne comme une grande puissance maritime".

"Les chiffres publiés révèlent que le financement de la construction de navires s'est fait surtout par prêts, dont la plupart, semble-t-il, sont exempts d'intérêts. Des chiffres différents sont cités pour établir le coût total engagé, le Ministre des Transports citant un coût global de 2,200 millions de marks et le journal de Hambourg, un coût de 1,690 millions de marks. Le chiffre le plus bas équivaut à environ 1,300 marks (116) par tonne brute, ou à peu près 72 par tonne de poids mort. Le journal de Hambourg donne un chiffre de 627 millions de marks, équivalant à seulement 37 pour cent du tout, comme contribution directe des armateurs allemands au coût total. La proportion de la contribution directe des armateurs a varié d'aussi peu que 16 pour cent pour le programme de 1950 à 80 pour cent pour le programme des navires-citernes. La balance du coût est sensée provenir de prêts de reconstruction (421 millions de marks), de prêts analogues E.R.P. (300 millions de marks), et de fonds d'assurance-chômage (23.5 millions de marks), avec 314 millions de marks amassés par les armateurs sur des crédits sur lesquels un intérêt annuel de 20 millions de marks est payable. Quelques-uns de ces chiffres sont en duplicata dans le rapport du Ministre des Transports, mais, de plus, la somme très considérable de 850 millions de marks est attribuée à des prêts et avances mis en disponibilité comme conséquence du paragraphe 7 (d) des règlements de l'impôt sur le revenu. Ceci réfère probablement à une entente par laquelle les firmes qui avaient fait des profits pouvaient s'éviter de payer l'impôt sur le revenu, sur ceux-ci, en les mettant à la disposition des armateurs, comme prêts sur une base exempte d'intérêt. Cet arrangement, semble-t-il, s'est terminé récemment, avec le résultat que les difficultés rencontrées par les armateurs allemands dans le financement de nouvelles constructions, se sont accrues".

("Le Monde Maritime, 2 septembre 1953).

GRECE

"La flotte océanique de la Grèce, appartenant à des particuliers, opérant avec peu d'assistance de l'Etat, a été reconnue comme un compétiteur sérieux dans le commerce maritime mondial, particulièrement dans le commerce en cueillette. Une tonnation minime a permis aux armateurs grecs d'opérer sans le bénéfice de subventions, même durant les années de fret languissant. Depuis la guerre, cependant, les avantages compétitifs ont été contrebalancés par une législation de salaire et d'heure minima, mise en vigueur peu de temps après la libération de la Grèce. Les armateurs, comme résultat, ont dans bien des cas, enregistré de nouveaux navires battant des pavillons étrangers pour éviter les règlements du gouvernement. Le gouvernement de son côté, en restreignant l'usage des remboursements d'assurances découlant des pertes de guerre, a tenté de forcer les armateurs à remplacer leurs anciennes flottes par de nouveaux bateaux enregistrés en Grèce".

(Appendice A, Rapport annuel de 1949, Commission Maritime Canadienne).

SUBVENTIONS GRECQUES POUR REPARATIONS ETRANGERES:

"Nous sommes avisés par The Saporta Agency Co., Le Pirée, que, dans le but d'attirer les vaisseaux étrangers dans Le Pirée, et les autres ports importants de Grèce, le gouvernement grec a décidé d'accorder une subvention de 40% sur le coût de toutes les réparations aux navires étrangers dans les chantiers maritimes de la Grèce."

"En vertu de cet arrangement, la valeur de toute monnaie étrangère importée en Grèce pour le paiement de réparations de navires sera accrue de 40%".

(Extrait de "Shipping and Shipbuilding Record", 8 janvier 1953).

INDES

"Le gouvernement indien s'est engagé à créer trois corporations de commerce maritime et à assumer un contrôle dans chacune. D'après ce plan, le gouvernement garantira toutes les pertes encourues durant les cinq premières années d'exploitation".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

"Un programme d'aide financière aux compagnies indiennes pour l'acquisition de tonnage additionnel durant 1951-56 a été tracé ....".

(Extrait du "Monde Maritime", 12 mars 1952).

ITALIE

"Avant la deuxième guerre mondiale, le gouvernement italien contribuait au développement et à la modernisation de la marine marchande en intervenant dans la direction et la possession d'organisations de commerce et de construction maritimes, en octroyant de libé-

rales primes, subventions et prêts de construction, et, de diverses manières, en accordant une aide indirecte".

"Un programme de reconstruction approuvé par le gouvernement, en mars 1949, a pour but d'ajouter de 230,000 à 235,000 tonnes de navires modernes à la flotte marchande amoindrie par la guerre. Selon ce plan, les compagnies maritimes de l'Etat et privées bénéficieront de subsides et d'exemptions de taxes. Des subventions jusqu'à un tiers du coût des nouveaux navires sont pourvues à même un fonds de 34,000 millions de lires ($57.8 millions à $0.0017 à la lire)".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

A- AIDES A LA CONSTRUCTION

"Finmar, une société anonyme du gouvernement, a été formée en 1938 avec un capital de $47,340,000. Finmar s'est assurée la majorité des obligations des quatre lignes italiennes de navigation et a financé la construction de paquebots pour les compagnies réorganisées".

"Une loi sur les subventions pour la construction maritime a été votée en 1938 et les appropriations selon la loi étaient les suivantes:

$2,600,000 pour l'année fiscale 1937-38
$5,200,000 pour chaque année fiscale 1938-39 à 1946-47
$2,600,000 pour l'année fiscale 1947-48."

"Selon la loi, une prîme s'élevant jusqu'à 50% des droits d'importation sur les matériaux étrangers, était payée pour l'utilisation de matériaux italiens".

"Aussi une prîme de construction (contribution d'amortissement), basée sur le volume intérieur du navire et sur la vitesse, était octroyée à l'opérateur".

"D'après la nouvelle loi de mars 1949, une somme d'environ $66,000,000 fut octroyée pour la nouvelle construction et la modernisation".

"Une prîme de construction (contribution d'amortissement) est payée sur les navires construits selon les dispositions de la loi. La prîme de construction est basée sur le volume intérieur et sur la vitesse du navire".

"De plus, le gouvernement verse une contribution supplémentaire égale au sixième du coût du navire à la date de sa mise en service".

B- AIDE D'EXPLOITATION

"En 1932, des subventions d'exploitation furent octroyées durant un an aux navires marchands italiens n'exploitant pas un service régulier. La base de la subvention était calculée selon les dimensions, l'âge et la distance parcourue. La subvention était prolongée chaque année, de 1932 à 1936. La subvention totale pour les services irréguliers s'est chiffrée, au cours des cinq années à $20,802,500".

C- PRETS ET SUBVENTIONS

"L'Institution de Crédit Maritime" fut autorisée en 1933 à émettre des obligations d'une valeur de $13,420,000 à 5%, les recettes devant être prêtées à des compagnies italiennes de navigation. Les prêts étaient garantis par le gouvernement à un intérêt fixe de 6.8% auquel le gouvernement contribuait 2.5%".

(Annexe E, "Subventions maritimes").

PROJETS ITALIENS DE CONSTRUCTION MARITIME

"De nouveaux éclaircissements furent apportés sur le programme italien de construction maritime des prochaines années lorsque le sénateur Coppa, le ministre italien de la navigation marchande, en juin dernier, émit son opinion au sujet du nouveau projet de loi sur la construction maritime qui, sous sa forme amendée, doit prochainement être soumise aux deux chambres du Parlement pour approbation finale. A cause de longues procédures parlementaires, cependant, le projet n'aura probablement pas force de loi avant 1954".

".... Le ministre a dit que les détails de la loi proposée suivraient la pratique traditionnelle. Les compagnies de construction et de réparations maritimes seront dédommagées d'une façon substantielle relativement à leurs achats de matériaux italiens afin de réduire le coût au même niveau que les prix en vigueur ailleurs; de plus, les matériaux importés seront exempts de droits. Une autre forme de subvention proposée était sous forme d'aide à rencontrer les dépenses générales. Ces mesures devraient, souligna le ministre, permettre aux constructeurs et aux réparateurs de bateaux italiens, ainsi qu'aux établissements de génie maritime de concourir sur le marché international".

".... Les dispositions de la nouvelle loi s'appliqueront aussi aux navires construits en Italie pour le compte de pays étrangers ...".

"Des facilités additionnelles qui, cependant, seraient réservées aux propriétaires italiens seulement, comprendraient une subvention de 1½% p.c. sur l'intérêt du capital et la garantie du gouvernement sur les prêts effectués par des corporations financières et autres, autorisées à accorder des crédits maritimes".

"Il est probable, ajouta-t-il, que la portée d'un tel financement ne dépassera pas 40% du coût total de construction ou de réparation, une limite qui existait dans le passé. Dans l'ensemble, la part de l'Etat pour le programme de dix ans se chiffrera, au début, selon l'opinion du Ministre, à quelque 12,000 millions ou 14,000 millions de lires par année (environ 6,768,000 à 7,896,200)".

"Il fut proposé de limiter la contribution de l'Etat à 27% du coût total de construction en ce qui concerne les navires marchands, et dans le cas de bateaux à passagers, à 21% du coût, étant donné qu'une taxe de 5% sur le chiffre d'affaires doit être déduite. De fait, la contribution se chiffrerait à 22% et 16% respectivement. (Les compagnies maritimes demandent déjà que ces contributions soient exemptes de la taxe de 5%").

"Entretemps, la loi Saragat de mars 1949 .... et sa loi supplémentaire du 25 juillet 1952, ont été prolongées jusqu'au 30 juin 1956 .... Dans l'ensemble, la loi Saragat prolongée envisage que les garanties maritimes seront absorbées par l'Etat entre la fin de juin 1952 et le 30 juin 1956, pour un total de 68,000 millions de lires (environ $38,353,000). La loi prolongée réduisit la contribution de l'Etat en ce qui concerne la construction de bateaux-citernes de plus de 6,000 tonnes brutes à environ 22.8.6 la tonne brute et d'environ 25.7.7d. ce qui était la subvention pour les bateaux-citernes commandés jusqu'à la fin de 1952".

(Extrait du "Monde Maritime", 9 septembre 1953).

RENAISSANCE DU COMMERCE MARITIME ITALIEN

".... Ces progrès (de l'industrie maritime italienne) furent rendus possibles par la modernisation des chantiers maritimes avec l'aide financière américaine. La Compagnie Ansaldo, par exemple, est sensée avoir reçu quelque 1½ million du plan Marshall".

(Shipping and Shipbuilding Record, 22 janvier 1953).

JAPON

L'INDUSTRIE ET LA CONSTRUCTION MARITIMES JAPONAISES

"...La presse japonaise rapporte à Tokyo que le gouvernement japonais introduira, au cours de la prochaine année fiscale, un projet spécial d'ajustement des prix du fer et de l'acier, d'après lequel les constructeurs maritimes pourront se procurer ces métaux aux prix internationaux au lieu des prix japonais plus élevés qu'ils ont été forcés de payer récemment."

(Shipping and Shipbuilding Record, 8 janvier 1953).

COUT DE LA CONSTRUCTION MARITIME JAPONAISE

"C'est une vérité d'ordre général que les gouvernements de plusieurs de nos compétiteurs étrangers ne sont pas lents à venir en aide à leurs industries maritimes; et la dernière preuve vient du correspondant du Financial Times à Tokyo, qui rapporte que les prix de la construction maritime japonaise seront réduits de quelque 10% surtout à cause d'une baisse effectuée par le gouvernement dans les taux d'intérêt sur les prêts et d'une réduction du taux de la taxe sur les corporations et de la taxe foncière."

"Selon la nouvelle législation, l'intérêt sur les prêts pour des fins maritimes consentis par la Banque Japonaise de Développement sera réduit de 7.5% à 3.5% et de 11 à 5% sur les prêts des banques municipales.

"Comme résultat de ces mesures ... nous espérons encourager les armateurs à placer des commandes en réduisant le coût d'un nouveau navire d'environ 10%..."

"Cette mesure, même si elle est tardive, démontre au moins que le gouvernement japonais commence à apprécier l'importance de considérer les industries maritimes sur une base différente des industries manufactu-

rières ordinaires, une attitude que le gouvernement britannique refuse opiniâtrement d'adopter .."

(Extrait du "Monde Maritime", 23 septembre 1953).

HOLLANDE

"La reconstruction de la flotte néerlandaise fut en presque totalité une initiative de l'entreprise privée. Même si un projet de remplacement destiné à équilibrer la structure de la marine marchande a été annoncé par le Directeur Général du Commerce Maritime, nous ne savons pas jusqu'à quel point le gouvernement y participera."

"Traditionnellement, l'aide gouvernementale n'a pas été énorme, même si une assistance financière directe a été accordée à la marine marchande pour surmonter la dépression de 1930".

(Annexe A, Rapport annuel 1949, Commission Maritime Canadienne).

A. PRETS ET OCTROIS

"Une compagnie a responsabilité limitée organisée pour promouvoir les intérêts maritimes nationaux et appelée communément BENAS a été créée en septembre 1932".

"Un intérêt complet sur les prêts BENAS devait être payé si le compte d'opération de l'emprunteur se soldait par un profit. Le taux d'intérêt était de 4½% et 5%, mais seulement 2½% était dû (cumulatif) au cours des années où il n'y avait pas de profit."

"En 1935 et 1936 en plus des prêts BENAS, le gouvernement de la Hollande affectait plus de $10,833,600, sans intérêt, comme crédits aux armateurs. Aucune garantie n'était requise. Ces prêts ne furent pas remboursés et devinrent apparemment des dons aux armateurs néerlandais."

"Août 1948, la Banque Internationale pour la reconstruction et le développement prêtait $12,000,000 à 2½% d'intérêt à quatre compagnies de navigation néerlandaises. En plus du taux de 2½%, les compagnies paieront une commission de 1½ à la banque et des frais de service de 1/16% du montant en souffrance."

(Annexe E, Subventions maritimes)

NORVEGE

"Le gouvernement norvégien n'a pas offert d'aide importante à la marine marchande de haute mer. Des allocations spéciales de dépréciation ont été faites dans le cas de navires achetés à des prix accrus, et l'industrie maritime a bénéficié de remboursements de droits de douane payés sur les matériaux de construction importés".

(Annexe A, Rapport annuel 1949, Commission Maritime Canadienne).

A. PRETS ET OCTROIS

"Les prêts du Fonds Maritime de l'Etat sont garantis par le gouvernement avec intérêt à 5%. Les prêts en souffrance en mars 1937, se totalisaient à environ $5,898,000."

"Le gouvernement norvégien, en juillet 1936, approuvait un plan pour garantir les prêts aux chantiers maritimes, qui se chiffraient à environ $3,060,207 à 4½% d'intérêt".

"Les prêts à recouvrer par l'Institution d'hypothèques maritimes se montaient à $2,016,000 en 1947, intérêt à 4½%".

(Annexe E. Subventions maritimes).

PANAMA

"Par l'imposition de taxes minimes et de peu de restrictions aux armateurs, le gouvernement de Panama a attiré sous son pavillon un gros volume de navires, dans la plupart des cas, représentant des transferts de pavillons. Aucune subvention directe n'est payée pour les services maritimes."

(Annexe A, Rapport annuel 1949, Commission Maritime Canadienne).

ESPAGNE

"L'Espagne, avant la deuxième guerre mondiale, accordait des subventions de construction et d'exploitation ainsi que des prêts pour la construction et la modernisation des bateaux se livrant au commerce régulier avec les pays de langue espagnole. Au début de 1949, le gouvernement institua de nouveau le paiement de subventions sur les routes commerciales étrangères, affectant 10 millions de pesetas à cette fin. Des subventions ont été payées régulièrement à des compagnies espagnoles se livrant au commerce dans la Méditerranée. Y compris les prîmes de construction, la somme de 76 millions de pesetas (environ $7 millions à $0.0916 au peseta) est applicable à l'aide de la marine marchande en 1949."

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

SUEDE

"La Suède dispose de fonds de l'Etat pour les prêts destinés à la construction de navires, à quatre pour cent d'intérêt et de plus permet aux compagnies maritimes à capital social d'amortir les capitaux investis aussi rapidement que le permettent les profits. Par une soi-disant "dépréciation libre" les compagnies maritimes suédoises peuvent vraisemblablement réclamer une allouance de dépréciation pour le coût complet d'un nouveau navire dans la première année de son exploitation".

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

ROYAUME UNI

"Depuis cent ans, la politique maritime britannique a maintenu un accès libre et sans entraves au commerce mondial, et les armateurs britanniques n'ont pas compté sur un traitement privilégié mais plutôt sur leur habileté à subir la concurrence. L'aide que l'Etat a fourni a fait bénéficier les compagnies de navigation, de prêts et de garanties sur prêts, de subventions postales et de prîmes de l'amirauté. Vers 1930, cependant, la situation précaire du commerce maritime anglais exigeait des mesures directes de secours qui, par les lois sur le commerce maritime britannique (assistance) de 1935 à 1936, prirent la forme de subventions d'exploitation au montant de 2 millions par année pour les cargos sans ligne régulière, et de prêts de construction se chiffrant à 10 millions pour encourager le remplacement de l'ancien tonnage. Un autre projet de loi, élargissant la portée de l'aide directe aux cargos sans ligne régulière et aux paquebots, fut mis de côté à cause de la déclaration de la guerre de 1939."

"Au ler décembre 1948, le gouvernement britannique avait enlevé les principaux contrôles exercés, durant la guerre et au cours des années qui suivirent immédiatement la guerre, sur les activités de la marine marchande de haute mer, libérant ainsi les armateurs de la direction de l'Etat dans la détermination des commerces dans lesquels ils peuvent participer et les taux de fret qu'ils doivent accepter."

"Pour encourager les armateurs britanniques à investir dans un tonnage moderne, le gouvernement a récemment augmenté l'allocation de dépréciation pour fins de taxation, de 20 à 40 pour dent de la valeur d'un nouveau navire dans la première année de son exploitation. Après, une dépréciation directe est permise à 5%. Les armateurs peuvent aussi reporter leurs pertes de toute année jusqu'à une limite de 6 années, leur permettant ainsi d'établir une moyenne de bonnes et des mauvaises périodes d'opération."

(Annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

ETATS-UNIS

Il ne semblerait pas nécessaire de décrire en détail le programme de subventions des Etats-Unis, du fait que tout le monde est au courant que l'existence de la marine marchande des Etats-Unis dépend de ce programme... Par exemple, la Commission Maritime Canadienne déclare:

"L'aide au commerce maritime est considérée comme indispensable à l'opération de la flotte marchande des Etats-Unis. Selon la loi de la marine marchande de 1936, le gouvernement américain paie des subventions de construction et d'exploitation, destinés à atteindre l'égalité entre le coût de la construction et de l'exploitation d'une marine américaine et celui des pays étrangers.

"Des subventions différentielles de construction, déterminées séparément pour chaque nouveau navire, se chiffrent à environ quarante-cinq pour cent du coût de construction. Depuis 1936, le gouvernement a contribué à $341,000,000 pour la construction de 247 bateaux."

Afin de se qualifier pour l'obtention d'une subvention différentielle d'exploitation, un armateur doit être prêt à fournir un service adéquat sur une route commerciale indiquée, par une analyse des exigences du commerce, et être essentiel aux besoins du commerce américain. Lorsqu'un armateur récipiendaire fait, au cours d'une période de dix ans, des profits excédant dix pour cent du capital investi, toute ou partie de la subvention d'exploitation est reprise par le gouvernement. Les douze compagnies maritimes qui ont bénéficié de subventions d'exploitation seront, semble-t-il, en mesure de remettre à la Commission Maritime des Etats-Unis une portion substantielle des montants qui leur furent payés, laissant une dépense nette pour le gouvernement d'environ $24,000,000 pour l'aide accordée à l'exploitation."

"La participation dans les commerces caboteurs, intercôtier et non-contigu des Etats-Unis est réservée aux navires marchands américains."

"Depuis la guerre, la loi de la vente des navires marchands de 1946 a permis au gouvernement d'offrir en vente, avec priorité d'achat pour les opérateurs américains, une partie considérable de sa flotte marchande de guerre, à des prix bien en-dessous du coût."

"D'après la loi d'aide étrangère de 1948, au moins cinquante pour cent des cargaisons du plan de reconstruction européenne doivent être, autant que possible, transportées dans des navires américains."

(annexe A, Rapport annuel de 1949, Commission Maritime Canadienne).

Cependant, des points saillants ayant trait aux origines, buts, opérations et coût de ce programme ne sont pas sans rapport avec la détermination de la politique canadienne. Le Canada est dans une situation comparable à celle des Etats-Unis en matière de coût de construction et d'exploitation, niveau de vie, etc. et dans une situation beaucoup plus vulnérable en ce qui concerne sa dépendance sur le commerce extérieur. Les considérations qui ont motivé le système de subventions des Etats-Unis sembleraient s'appliquer avec beaucoup plus de force au Canada.

L'attitude de feu le président Roosevelt sur cette question vaut la peine d'être répétée: Le 4 mars 1935, il envoya au Congrès un message sur la marine marchande. Il disait:

"Je présente au Congrès la question de savoir si les Etats-Unis devraient ou non posséder une marine marchande adéquate."

"Pour ma part, il y a trois raisons qui motivent une réponse affirmative. La première est qu'en temps de paix, les subsides accordés par d'autres pays, les combines maritimes et autres méthodes restrictives ou de rabais peuvent bien être utilisés au détriment des armateurs américains. Le maintien d'une concurrence juste seule exige que des navires, portant pavillon américain et d'un tonnage suffisant, transportent une partie raisonnable de notre commerce extérieur."

"Deuxièmement, en cas d'une guerre majeure dans laquelle les Etats-Unis ne sont pas entraînés, notre commerce, en l'absence d'une marine marchande adéquate, pourrait se trouver sérieusement paralysé à cause de son incapacité de se procurer des navires pour le commerce neutre et pacifique avec l'étranger."

"Troisièmement, dans le cas d'une guerre dans laquelle les Etats-Unis seraient eux-mêmes engagés, des navires battant pavillon américain sont sans aucun doute requis non seulement comme auxiliaires de la marine mais aussi pour le maintien de relations commerciales raisonnables et nécessaires avec d'autres pays. Nous devrions nous rappeler les leçons apprises au cours de la dernière guerre."

(Subventions maritimes, pages 8 et 10).

De ce message, sortit la loi de la marine marchande de 1936. La loi débute par une déclaration sur la ligne de conduite".

"Section 101. Il est nécessaire pour la défense nationale et le développement de son commerce domestique et extérieur que les Etats-Unis aient une marine marchande.:

a) suffisante pour transporter son commerce maritime domestique et une partie substantielle du commerce d'exportation et d'importation des Etats-Unis avec l'étranger et de fournir un service maritime sur toutes les routes essentielles au maintien du flot de tel commerce maritime domestique et étranger, en tous temps;

b) capable de servir d'auxiliaire naval et militaire en temps de guerre ou d'urgence nationale;

c) possédée et exploitée sous le pavillon des Etats-Unis par des citoyens des Etats-Unis en autant que ce soit praticable, et

d) composée des genres de navires les mieux équipés, les plus surs et les plus appropriés, construits aux Etats-Unis et montés par un personnel américain entraîné et efficace.

Il est par les présentes statué que ce soit la politique des Etats-Unis de promouvoir le développement et d'encourager le maintien d'une telle marine marchande."

(Loi de la marine marchande, 1936, section 101).

La loi a institué une commission pour voir entre autres choses à la mise en vigueur de la politique énoncée. Ces devoirs furent établis, en partie, comme suit:

"Section 210. Il sera du devoir de la Commission de faire une étude de la marine marchande américaine, comme elle existe présentement, pour déterminer quelles additions et quels remplacements sont nécessaires pour poursuivre la politique nationale énoncée à la section 101 de cette loi, et la Commission est requise d'étudier, perfectionner et adopter un programme à longue portée pour les remplacements et additions à la marine marchande américaine de façon que, le plus tôt possible, les objectifs suivants soient atteints:

Premièrement, la création d'une flotte marchande adéquate et bien équilibrée, incluant des bateaux de tous genres, pour fournir un service maritime sur toutes les routes essentielles au maintien du flot du commerce extérieur des Etats-Unis, les navires d'une telle flotte devant être construits de telle façon à permettre qu'ils soient promptement convertibles en navires de transport et d'approvisionnement en un temps d'urgence nationale. En arrêtant le plan de développement d'une telle flotte, la Commission est requise de coopérer étroitement avec le Ministère de la Marine pour ce qui concerne les besoins de la défense nationale et l'adaptation rapide possible de la flotte marchande aux exigences de la défense nationale.

Deuxièmement, la possession et l'exploitation d'une telle flotte marchande par des citoyens des Etats-Unis en autant que ce soit praticable.

Troisièmement, la conception des navires destinée à accorder la meilleure et la plus complète protection aux passagers et à l'équipage contre le feu et tous les autres périls maritimes."

"Section 211. La Commission est autorisée et requise d'enquêter, déterminer et conserver de la documentation récente sur:

a) Les services océaniques, routes et lignes en partance des ports des Etats-Unis, ou un territoire, district, ou possession des Etats-Unis, vers les marchés extérieurs, qui sont, ou peuvent être, déterminés par la Commission comme étant essentiels pour la promotion, le développement, l'expansion et le maintien du commerce extérieur des Etats-Unis, et pour atteindre sa décision la Commission considèrera et donnera l'importance voulue au coût de maintien de chacune de ces compagnies de navigation, à la probabilité qu'aucune de ces lignes ne peut être maintenue qu'avec une lourde perte disproportionnée au profit afférent au commerce extérieur au nombre de départs et types de bateaux qui devraient être utilisés dans de telles compagnies, et tous autres faits et conditions qu'un homme d'affaires avisé considérerait lorsqu'il traite avec sa propre entreprise, avec la considération additionnelle, cependant, du profit intangible que peut apporter le maintien d'une telle compagnie au commerce extérieur des Etats-Unis et à la défense nationale;"

(Loi de la marine marchande, 1936, sections 210 et 211).

Il est intéressant de noter que la loi reconnaissait que les armateurs étrangers possèdent des moyens de discriminer contre le commerce d'autres pays par des taux différentiels, des taux d'assurances haussés, etc. La loi ordonne à la Commission maritime:

"(e) D'enquêter, en vertu des pouvoirs règlementaires qui lui sont transférés par cette loi, tous et chacun des taux différentiels, tarifs, cotes et pratiques, par lesquels les exportateurs et les expéditeurs de cargaisons en provenance des Etats-Unis sont requis par tout commun transporteur par mer dans le commerce extérieur des Etats-Unis de payer un taux plus élevé de tout port des Etats-Unis à un port étranger que le taux chargé par tel transporteur pour une cargaison identique en provenance

de tel port étranger à tel port des Etats-Unis, et de recommander au Congrès des mesures par lesquelles une telle distinction puisse être corrigée."

(Loi de la marine marchande 1936, section 212 (e).

Il devrait être noté que la loi n'a pas ignoré les droits du travail organisé:

Section 301. (a) La Commission est autorisée à et requise d'enquêter sur l'embauchage et les conditions de salaires dans le transport océanique de marchandises et, après avoir effectué telle enquête et après des auditions appropriées, d'incorporer aux contrats autorisés sous les titres VI et VII de cette loi des échelles minima d'équipement en hommes et des échelles de salaires minima, et des conditions minima de travail pour tous les officiers et marins employés sur tous les genres de navires recevant une subvention différentielle d'exploitation. Après que de telles échelles minima d'équipement en hommes et de salaires, et de conditions de travail auront été approuvées par la Commission, aucun changement ne sera effectué à ces contrats par la Commission, excepté sur avis public qu'une audition aura lieu; et une audition par la Commission prescrira. Les représentants dûment élus des organisations certifiées comme étant les bonnes agences de négociations collectives auront le droit de représenter à toute telle audition les employés qui sont membres de leurs organisations. Chaque entrepreneur recevant une subvention différentielle d'exploitation affichera et gardera affichée dans un endroit visible de chaque tel vaisseau exploité par tel entrepreneur, une copie imprimée des échelles minima d'équipement en hommes et de salaires, et les conditions de travail prescrites par son contrat et applicables à tel navire;

POURVU, TOUTEFOIS, que toute augmentation dans les dépenses d'opération du navire subventionné, occasionnée par tout changement dans les échelles de salaires et d'équipement en hommes, ou des conditions de travail prévues dans cette section, puisse être ajoutée à la subvention différentielle d'opération autorisée précédemment pour le navire."

(Loi de la marine marchande, 1936, section 301)

"(b) Pour une période d'un an après la date effective de cette loi, à chaque départ des Etats-Unis d'un bateau à passagers pour lequel une subvention de construction ou d'exploitation a été accordée, tous les officiers licenciés seront des citoyens des Etats-Unis tel que défini précédemment, et pas moins de 80 pour cent de l'équipage (l'équipage comprenant tous les employés du navire autres que les officiers) seront des citoyens des Etats-Unis, de naissance ou complètement naturalisés, et par la suite le pourcentage des citoyens tel que défini plus haut, sera augmenté de 5 pour cent jusqu'à ce que 90 pour cent de tout l'équipage, soit composé de citoyens américains, de naissance ou complètement naturalisés."

En établissant les conditions pour se qualifier pour une subvention différentielle de construction, la loi réitère l'objectif de promouvoir le commerce national et la politique de défense:

"(a) Tout citoyen des Etats-Unis peut faire une demande à la Commission pour une subvention différentielle de construction pour aider à la construction d'un nouveau navire, à être utilisé sur un service, route ou ligne dans le commerce extérieur des Etats-Unis, jugés essentiels par la section 211 de cette loi. Aucune de ces demandes ne sera approuvée par la Commission à moins qu'elle détermine que:

(1) le service, la route ou la ligne requiert un nouveau navire de modèle moderne et économique pour affronter la concurrence étrangère et pour promouvoir le commerce extérieur des Etats-Unis;

(2) les plans et devis sont pour un nouveau navire qui rencontrera les besoins du service, de la route ou de la ligne, ainsi que les exigences du commerce;

(3) le candidat possède l'habileté, l'expérience, les ressources financières et autres qualifications nécessaires lui permettant d'opérer et de maintenir le nouveau navire projeté dans un tel service, ou sur une telle route ou ligne, et de maintenir et continuer le service adéquat sur telle route ou ligne, y compris le remplacement du tonnage usé ou désuet par de nouveaux bateaux modernes; et

(4) l'octroi de l'aide demandée est raisonnablement calculé pour poursuivre efficacement les buts et la politique de cette loi."

"(b) La Commission soumettra les plans et devis pour le navire projeté au Ministère de la Marine pour examen et suggestions pour tels changements qui peuvent être jugés nécessaires de façon à ce que tel navire soit approprié pour une transformation économique et rapide en un auxiliaire naval ou militaire, ou autrement approprié pour l'usage du gouvernement des Etats-Unis en temps de guerre ou d'urgence nationale. Si le Secrétaire de la Marine approuve de tels plans et devis tel que soumis, ou tel que modifiés, en conformité avec les dispositions de cette sous-section, il certifiera une telle approbation à la Commission."

(Loi de la marine marchande, 1936, sections 501, (a) et (b))

A peu près les mêmes conditions s'appliquent pour se qualifier pour une subvention différentielle d'exploitation, sous la section 601 de cette loi.

Il est significatif que, loin de réduire les subventions conformément à sa politique arrêtée de commerce multilatéral, les Etats-Unis les augmentent:

"Nouvelles subventions maritimes américaines pour tous les navires faisant le commerce extérieur."

"Les points principaux de cette nouvelle loi sont les suivants:

(1) Les subventions gouvernementales, autrefois accordées seulement aux navires utilisant les routes commerciales essentielles telles que définies par le gouvernement, sont maintenant accordées à tous les vaisseaux se livrant au commerce extérieur.

(2) Le remplacement sur les navires marchands a été réduit de 17 à 12 ans, encourageant ainsi leur remplacement plus hâtif par le gouvernement.

(3) Des prêts sont consentis sur les bateaux de passagers, limitant la responsabilité du propriétaire du navire concerné plutôt que d'étendre la responsabilité à tous les navires de sa flotte.

(4) Le plafond du salaire maximum, soit $8,900. à tous les employés de compagnies recevant les subventions du gouvernement, a été supprimé mais les compagnies doivent supporter le coût de toute augmentation.

(5) Une provision est faite pour prolonger le service d'un navire marchand, pour fins de dépréciation, lorsqu'il a été reconstruit et modernisé conformément aux exigences du gouvernement."

(Extrait du "Monde maritime" du 30 juillet 1952)

L'hebdomadaire "U.S. News and World Report" publiait dans son édition du 25 juillet 1952, un article sur les subventions maritimes intitulé:

"Les Etats-Unis écartés des mers à cause des prix?"

"Il faut des subventions pour tenir la plupart des navires en opération. Les entreprises privées ne peuvent seules affronter la concurrence. Mais les Etats-Unis ont besoin de la flotte, donc le gouvernement doit payer la majeure partie du compte."

"L'article traite ensuite du cas du superpaquebot "United States".

"Il a déjà coûté aux contribuables $48 millions pour sa construction.

Il peut leur coûter un autre $4 millions par année en subvention d'opération.

Il a coûté $30 millions à la compagnie de navigation qui le possède."

L'article dit qu'environ $26 millions de la subvention de $48 millions couvrent le coût d'accessoires de défense, comme par exemple, une coque additionnelle, des moteurs supplémentaires, etc.

"Le résultat est une subvention de construction d'environ $22 millions, compte tenu de tous les rajustements."

"Des estimés officieux démontrent qu'il coûtera 15.7 millions de dollars par année pour exploiter le United States. Sous le drapeau anglais, le coût d'opération se chiffrerait à environ $11.5 millions. La différence, $4.2 millions sera payée aux propriétaires du United States, pour les placer sur une même base de concurrence que leurs rivaux anglais."

"L'idée est de maintenir une flotte de possession américaine et montée par des Américains, partout où l'intérêt national l'exige."

"Entre le début des subventions directes en 1938 et la fin de 1950, les subventions nettes d'opérations se chiffraient à 101 millions de dollars. Les subventions nettes de construction étaient de $109 millions. Le total, pour 12 ans, était de $210 millions. Par comparaison, les Etats-Unis ont payé à la Grande Bretagne environ 100 millions de dollars au cours de la deuxième guerre mondiale pour transporter des soldats dans deux seuls bateaux - le Queen Elizabeth et le Queen Mary."

"Dans les années à venir, cependant, les subventions vont probablement augmenter considérablement. Un nouveau plan, récemment approuvé par le Congrès, autorise une subvention de construction pour tout navire destiné au commerce extérieur, y compris les navires de marchandises opérant sur cédules irrégulières, navires-citernes et les bateaux de minerai."

En 1951, l'ascension considérable était déjà évidente. Au cours d'une année les subventions nettes d'opération seules, payées par les Etats-Unis, se chiffraient à $46 millions, ou environ la moitié de ce qui avait été payé dans les treize années précédentes.

Sommaire combiné des opérateurs subventionnés par des subventions différentielles d'opération et leur reprise pour les 14 années se terminant le 31 décembre 1951.

Subventions:		
Reçues au 31 déc. 1951		$90,508,918.
Accrues au " " "		168,041,444.
	Total	258,550,362
	Pourcentage	100
Reprises		
Payées au 31 déc. 1951		28,367,602
Accrues au " " "		83,024,436
	Total	11,392,038
	Pourcentage	43
Subvention nette		147,158,324
Pourcentage		57

(annexe F " Comparaison entre le régime des taxes imposé aux armateurs américains et aux armateurs étrangers ")

" A la date du 7 juin 1951, Price Waterhouse & Co., une firme de comptables publics, connue dans tout le pays, prépara pour un des membres de la Fédération une étude sur la situation des taxes des compagnies maritimes opérant d'après les lois de divers pays. Cette étude s'intéressait surtout aux taux de taxation, traitement des gains capitaux provenant des indemnités d'assurances pour la vente des actifs immobiliers, allocations des dépréciation et autres dispositions exceptionnelles des lois."

" L'étude portait sur les lois de la Suède, la Norvège, la Hollande, la France et le Royaume Uni. Elle est résumée comme suit:

(1) Les taux de taxation dans ces pays étrangers sont généralement moindres que les taux en vigueur aux Etats-Unis.

(2) Alors que les gains capitaux provenant de la vente de bateaux sont taxables ici à 25%, les gains capitaux sur la vente des navires sont:

a) exempts de taxes dans trois des pays s'ils sont réinvestis dans du nouveau tonnage et le gain est applicable pour la réduction de la valeur aux livres du nouveau navire;

b) considérés comme revenus ordinaires dans deux pays, et

c) taxés à un taux plus bas que pour le revenu ordinaire par les Etats-Unis.

(3) Le surplus de l'indemnité d'assurance sur la valeur aux livres d'un navire est :

a) non taxable dans quatre des pays s'il est réinvesti dans du nouveau tonnage et le gain est utilisé pour réduire la valeur réelle du remplacement,

b) taxable comme revenu ordinaire en Suède, et

c) non taxable en France.

Alors qu'aux Etats-Unis l'indemnité est taxable à 25% ou différée si on se prévaut de l'I.R.C. section 112 relative à la transformation involontaire et si le gain est appliqué à la valeur réelle du remplacement.

(4) Trois des six pays octroient comme déduction taxable les prestations de capitaux servant à établir des réserves pour les fortes dépenses anticipées pour les réparations telles que les expertises périodiques. Aux Etats-Unis, ceci est sur une base de comptant.

(5) Toutes les nations sauf deux ont établi des dispositions pour reporter en arrière ou dans l'avenir les pertes d'opération. Aux Etats-Unis, les pertes d'opération peuvent être reportées un an en arrière et le surplus reporté sur les cinq années suivante (le crédit inutilisé du surplus des profits reporté un an en arrière puis reporté dans le cours des cinq années qui suivent).

(6) Quoiqu'aux Etats-Unis la dépréciation soit basée sur le coût avec une prévision de vie de 20 ans, et que rien ne soit prévu pour une dépréciation accélérée, tel n'est pas le cas dans les pays étrangers sous étude."

" Les allocations de dépréciation permises dans les pays étrangers sont beaucoup plus flexibles que celles à la disposition des flottes battant pavillon américain et plusieurs dispositions ont pour effet d'accorder une dépréciation accélérée, un avantage qui n'est pas présentement à la disposition des compagnies américaines. Quelques-unes de ces dispositions sont énumérées brièvement ci-dessous:

La France et la Hollande permettent la revalorisation des actifs tel que décrit précédemment.

La Norvège et la Suède permettent aux contribuables de déduire, dans l'année d'acquisition, ou d'amortir le "surplus de coût", montant par lequel le coût actuel excède le coût considéré "normal".

La France et la Suède permettent la déduction de toute dépréciation entrée aux livres, la Suède permet également au contribuable d'utiliser dans une année subséquente toute dépréciation dont n'a pas bénéficié la compagnie au point de vue taxation.

Le Royaume-Uni permet aux contribuables de biffer 40% du coût du navire en plus de la dépréciation normale dans l'année d'acquisition et de reporter, sans limite de temps, toute dépréciation qu'excède le montant du profit de l'année.

La Hollande permet une allocation spéciale de dépréciation égale à 33 1/3 % du coût des actifs immobiliers acquis ou entre le 31 décembre 1949 et le 1er janvier 1953".

(annexe F, Subventions maritimes , page 24).

Bibliographie: Etudes sur la marine marchande - Auditions devant le sous-comité du comité sur le commerce intérieur et extérieur - Sénat des Etats-Unis - Quatre-vingt-troisième congrès - Première session, sur les études de la marine marchande 1953, Chapitre 1er, page 138

En soustrayant des subventions nettes de $ 147 millions montrées par le tableau à la fin de 1951 les $ 101 millions mentionnés par l'article ci-dessus pour la fin de 1950, nous obtenons une subvention nette d'opération de $ 46 millions pour l'année 1951.

Le 3 octobre 1953, la revue " Business Week", publiait également un article sur les subventions maritimes.

"Depuis l'adoption de la Loi de la marine marchande de 1936, Washington a versé tout près d'un milliard de dollars en subventions à l'industrie maritime. La grosse part de cette somme se divise en trois catégories : subventions différentielles de construction, la revision du prix des navires construits durant la guerre et les subventions différentielles d'opération."

Les chiffres de "Business Week", qui sont apparemment les chiffres bruts - y compris la reprise - se décomposent comme suit:

(1) Subvention différentielle d'opération: $ 204 millions (apparemment des chiffres bruts jusqu'à la fin de 1950).

(11) Subvention différentielle de construction: $342.5 millions. (La subvention brute était de $426 millions pour les 246 navires construits sous le programme mais des navires évalués à $83.7 millions furent apparemment achetés de nouveau par la Commission maritime).

(111) Ventes des bateaux de la 2ième guerre mondiale en-dessous du prix coutant: $230.6 millions. (Apparemment 116 navires ont eu leurs prix de vente coupés).

Ceci résulta en une autre subvention pour laquelle le gouvernement paya une somme additionnelle de $239,553,371.")

(IV) Avantages additionnels: aucun chiffre fourni. (Aucune taxe n'est payée sur les fonds de remplacement de navires jusqu'à ce que le nouveau navire soit construit et livré à l'opérateur. De plus, l'Administration maritime finance l'achat de navires: l'opérateur peut payer environ 25% comptant et le solde sur une période de 10 à 15 ans.)

CHAPITRE V

COMMISSION MARITIME CANADIENNE

Les Syndicats ouvriers furent l'un des premiers groupements au pays à promouvoir l'établissement d'une Commission maritime canadienne. Avant l'établissement de la Commission en 1947, les représentations faites par le syndicalisme auprès du gouvernement en rapport avec la Commission maritime canadienne comprenaient un aperçu de la portée administrative nécessaire pour l'opération efficace de cette agence. Plusieurs de nos recommandations furent puisées dans la législation maritime que l'on trouve dans d'autres nations maritimes.

Le mouvement ouvrier avait bon espoir que la Commission prévoirait une représentation ouvrière au niveau des commissaires. Ceci ne fut pas fait et la représentation ouvrière fut confinée à la nomination de trois membres sur le Comité consultatif constitué de plus de 50 personnes, la majeure partie provenant du groupe des employeurs; en conséquence, nous sommes d'avis que la Commission devrait être réorganisée pour permettre qu'un représentant ouvrier soit nommé commissaire et que des représentants ouvriers soient nommés à un certain nombre de Comités consultatifs.

Dès l'introduction de la loi de la Commission maritime canadienne en 1947, le travail organisé était au courant du rôle restrictif consultatif que l'on avait confié à la Commission, tel que démontré dans les sections opératives énumérées plus bas:-

Section 6. La Commission considérera et recommandera au Ministre de temps à autre telle politique ou mesure qu'elle juge nécessaire pour l'exploitation, l'entretien, l'équipement en hommes et le développement d'une marine marchande et une industrie de construction et de réparation maritimes en rapport avec les besoins maritimes canadiens.

Section 7. La Commission peut examiner, vérifier et conserver de la documentation: sur

(a) les services maritimes entre les ports canadiens et des ports du Canada à des ports hors du Canada qui sont requis pour le maintien et l'avancement du commerce domestique et extérieur du Canada;

(b) le genre, dimensions, vitesse et autres exigences des navires qui sont et, dans l'opinion de la Commission, devraient être employés dans de tels services;

(c) les installations canadiennes pour la construction, réparation et remise en état des navires;

(d) le coût de la construction, réparation et remise en état de navires au Canada et dans d'autres pays;

(e) le coût de l'assurance maritime, l'entretien, réparations, salaires et subsistance des officiers et marines et tous autres item de dépenses dans l'exploitation de navires battant pavillon canadien et la comparaison de ceux-ci avec d'autres navires opérant sous un autre pavillon;

(f) tout autre sujet que le ministre peut demander ou que la Commission peut juger nécessaire pour la mise en force de toutes les dispositions ou buts de cette loi.

Section 8: La Commission devra:

(a) exercer et accomplir, au nom du ministre, tels pouvoirs, devoirs et fonctions du ministre sous la Loi Maritime canadienne de 1934, tel que le ministre peut l'exiger.

(b) administrer, en conformité avec les règlements du Gouverneur en Conseil, toute subvention de navigation votée par le parlement; et

(c) exercer ou assumer tout autre pouvoir, devoir ou fonction qui lui sont conférés ou que la Commission est requise d'accomplir par ou conformément à toute autre loi ou ordre du Gouverneur en Conseil.

Nous avions bon espoir que la loi serait amendée pour accorder une juridiction plus étendue à la Commission, comme il est prévu dans les lois de la marine marchande d'autres pays maritimes, sur les sujets énumérés dans les sections opératives de la loi. Cependant, il semblerait que la Commission a décidé de l'avenir des industries du transport de marchandises par eau et de la construction maritime, depuis 1949, lorsqu'elle a publié un rapport, en date du 30 juin de cette année, qui peut être lu aux paragraphes 11, 12 et 13 du "Sommaire des rapports", deuxième rapport de la Commission Maritime Canadienne, cités ci-dessous:

Paragraphe 11: "Le coût d'exploitation d'un navire battant pavillon canadien est le deuxième plus élevé au monde. En comparant le coût journalier d'opération (y compris l'huile de chauffage et la dépréciation) de bateaux similaires de neuf pays, les Etats-Unis arrivent en tête avec une somme de $972.52, le Canada vient en deuxième place avec $810.50, le Royaume-Uni se classe sixième avec $525.46 et l'Italie est dernière avec $421.71.

Paragraphe 12 : Sous bien des réserves contenues dans ce rapport, le coût de construction d'un navire en Grande-Bretagne est d'environ 25% moindre que le coût de construction d'un navire identique au Canada.

Paragraphe 13: En égard au coût de construction et d'exploitation et prenant en considération les balances du commerce, il n'est pas plus recommandable qu'économique pour le Canada de considérer la construction et l'exploitation d'une marine marchande océanique, battant pavillon canadien, et de dimensions suffisantes pour accomoder tout son commerce d'exportation ou tout pourcentage déterminé de ce commerce."

Il semblerait que la politique de la Commission est de voir l'agence poursuivre son travail comme un organisme de recherches sans adopter comme objectif positif l'avancement de la position maritime du Canada.

CHAPITRE VI

L'INDUSTRIE DE CONSTRUCTION ET DE REPARATION MARITIMES SOUS L'EFFET DE LA LOI DES RELATIONS INDUSTRIELLES ET D'ENQUETE SUR LES DIFFERENDS.

La reconnaissance de l'importance nationale de l'industrie de construction et de réparations maritimes a été démontrée par le gouvernement fédéral lorsou'il a placé l'industrie sous la juridiction du Conseil national du travail de guerre, établi sous le P.C. 9384, en date du 9 décembre 1943, en matière de contrôle des salaires.

Alors que d'autres industries comme les industries manufacturières, de l'acier, etc. furent les premières obligées de transiger avec les Conseils régionaux du travail de guerre, et ensuite, en cas d'appel, de transiger avec le Conseil National, tel ne fut pas le cas dans l'industrie de la construction maritime.

Par l'adoption du projet de loi 338 en 1947, connu sous le nom de Loi des relations industrielles et d'enquête sur les différends, l'industrie de construction et de réparation maritimes ne fut pas considérée comme une des industries d'importance nationale et ne fut pas incluse dans la section couvrant l'application du projet de loi.

Tout comme les aéroports dans l'aviation, les chantiers maritimes s'occupent de véhicules qui ne sont pas seulement inter-provinciaux mais internationaux par leurs opérations.

La section 53, sous-section (e) place les aéroports, les avions et les lignes de transport aérien, sous la juridiction du Code National du Travail. Cette section place également les postes de radiodiffusion sous le Code National du Travail. C'est notre prétention que les chantiers maritimes canadiens peuvent passer pour une industrie de service plus inter-provinciale ou internationale qu'un poste de radiodiffusion.

La section 53, sous-section (a) parle dans le Code National du Travail des "travaux, entreprises ou affaires opérés ou effectués pour ou en rapport avec la navigation et le transport des marchandises par eau, soit fluviale ou maritime, y compris l'exploitation de navires et le transport par navires partout au Canada". Nous prétendons qu'un chantier maritime est une affaire "exercée pour ou en rapport avec la navigation et le transport des marchandises par eau", et en conséquence, devrait aussi être couvert par le Code National du Travail. Sous-section (g) de la section 53 prévoit l'inclusion des chantiers maritimes sous la juridiction du Code National du Travail sans qu'un amendement à la loi soit nécessaire.

CHAPITRE VII

RECOMMANDATIONS

Nous croyons que l'étude précédente, quoique non nécessairement complète sous tous rapports, démontre largement la nécessité d'un remède immédiat si le Canada doit reprendre sa place dans le monde maritime et si l'Industrie de construction et de réparation maritimes doit demeurer une partie essentielle du système de défense et de la vie économique du Canada.

En conséquence, nous soumettons les recommandations suivantes comme programme immédiat d'action par le gouvernement canadien:

(1) que le gouvernement restreigne le commerce du cabotage et le commerce fluvial du Canada à des navires enregistrés, construits, réparés et maintenus au Canada.

(2) que le gouvernement mette en oeuvre immédiatement un plan pour l'organisation d'une marine marchande canadienne et que la flotte marchande inadéquate et désuète du Canada soit remplacée par des navires marchands modernes, rapides, réfrigérés (là où c'est nécessaire).

(3) qu'une politique nationale de navigation soit décrétée, par laquelle la marine marchande canadienne, se livrant au commerce étranger dans les ports canadiens et à l'extérieur, soit encouragée par des subsides versés à condition que la construction, la réparation et l'entretien des bateaux soient faits dans les chantiers maritimes canadiens.

(4) que la portée des activités de la loi de la Commission maritime canadienne soit étendue et amendée de façon à prévoir une représentation ouvrière à cette Commission et de permettre à cette agence de mettre à exécution un programme d'aide et d'assistance au commerce maritime et à l'industrie de construction maritime du Canada, tel que le pratiquent des commissions similaires dans d'autres pays maritimes. Aussi que le gouvernement demande à la Commission de reviser sa politique "d'abandon".

(5) que l'industrie de construction et de réparation maritimes soit soumise au Code National du Travail grâce auquel de justes normes minima de travail seraient possibles sur un plan national.

B. 102

BRIEF SUBMITTED BY

FERGUSON INDUSTRIES LIMITED

PICTOU - NOVA SCOTIA

to the

ROYAL COMMISSION ON COASTING TRADE

Pictou, Nova Scotia
June 24th, 1955

It is the intent of this Brief to acquaint the Royal Commission on Coasting Trade with the character of our business and to stress the importance of restricting the coastal water of Eastern Canada to the operation of ships constructed and registered in Canada, if our shipyard is to remain in a position to provide a reasonable continuity of employment for the skilled workmen of this immediate area.

Pictou Harbour is situated on Canada's Eastern seaboard and located on the Northumberland Strait, a navigable body of water between Prince Edward Island and Nova Scotia.

In the early days of Canada's shipping activities this port saw sailing ships from all ports in the world and contributed to shipping activity in the construction of many well known vessels engaged in world trade during that era.

With the commencement of steel ship construction, activity in the port declined by a marked degree placing greater importance on coastal shipping for those who depended upon shipping for their livelihood.

Ferguson Industries Limited originated from the Pictou Iron Foundry, a firm founded to serve the needs of shipbuilding and repairing in the year 1855. Originally incorporated as a company to supply steam engines and iron castings for ship's use, this firm has gradually explored new fields of manufacture and to develop with an expanding Canada until today it provides employment during peak periods for approximately 450 workers.

During the Second Great War, Ferguson Industries Limited engaged in the construction of 4,700 ton cargo vessels under the authority of Wartime Merchant Shipping Limited, a Crown company organized to supplement the great need existing for additional ocean tonnage. In addition to this construction, a vast programme of naval ship repairs was required in which our company played a major role, repairing in one season as many as 386 naval craft of various sizes and descriptions ranging from destroyers and submarines to smaller auxiliary craft.

Following the cessation of the war, Ferguson Industries Limited undertook the construction of ships for peace time use and with the shipbuilding facilities at our disposal have encouraged ship owners to construct their requirements in Canadian Yards and repair existing Canadian owned coastal ships in our Shipyard.

During the past number of years the Shipyard has been engaged in the performance of contracts for private owners in construction, conversion, and repair and a number of naval craft have been supplied to the Department of Defence Production as a result of the programme of Naval expansion.

For the information of the Commission, total sales in 1937 were $59,699.00 and the total employment figure for that year was 20. This increased to a volume of $2,931,620.00 in 1943, employing a total of 540, and more recent figures for the year 1953 show a total sales volume of $2,434,274.00 and an average employment during the year of 320.

It is our contention that Canadian owned vessels presently operating on the East Coast should be protected from further foreign competition, thus making available to the shipyards in this area the annual repairs which could entirely disappear should foreign ships become more actively engaged in these Eastern coasting trades resulting in their ships being withdrawn for annual overhaul to their home ports in foreign countries.

It is further contended by our industry that in order to provide employment for the skilled workers in this area, who have become proficient and versed in the art of steel construction, that orders for new ships are most essential. This will become increasingly difficult if owners are permitted to purchase ships from foreign countries and to register and operate these ships in Canadian coastal waters.

We therefore urge the Royal Commission on Coasting Trade to give a decision in favour of the restriction of coastal trade to ships which have been constructed and which are registered in Canada.

Respectfully submitted,

FERGUSON INDUSTRIES LIMITED

A.A. Ferguson,
President

THE BRITISH COLUMBIA MEMBER SHIPYARDS OF THE CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION

THE ROYAL COMMISSION ON THE COASTING TRADE

Mr. Chairman and Commissioners:

The following submission is made on behalf of the British Columbia Member Shipyards of the Canadian Shipbuilding and Ship Repairing Association, namely - Burrard Dry Dock Company, Limited, Victoria Machinery Depot Company, Limited, and Yarrows, Limited.

Foreword

British Columbia looks to the sea for her livelihood much more than do most other provinces. At the time of the 1951 census there were some 13,600 British Columbians employed in maritime occupations, indicating that something like 40,000 men, women and children depend directly for their livelihood upon the shipping and shipbuilding industries. In 1953, over 15 percent of all cargoes unloaded and loaded in Canada's coasting trade, including that of the Great Lakes, consisted of British Columbia cargoes. (See Appendix D.)

With Canada and her allies living in constant peril of a third great war, we submit a shipbuilding policy ensuring the speedy and effective conversion of shipyards to emergency status becomes an all important objective, not only to the people of British Columbia but to all Canadians.

Recommendations of such an all-embracing nature would be, of course, beyond the terms of reference of this commission. The Commission, however, is empowered to inquire into the relations between the coasting trade of Canada and Canadian ship builders. In this connection it is submitted that the Commission can bring in recommendations which, if adopted, would substantially improve the ability of Canadian shipyards to convert to emergency-scale operations if the need arises.

Apart altogether from the favourable economic and social results that go hand in hand with the maintenance of the nation's shipyards in a virile and healthy state, the strategic value of this industry is of inestimable importance during times of tension and during times of war.

Most Canadians recognize the vital part the shipbuilding industry of Canada has played in the national defence and security of our country and of the other free nations of the world. None know this better than our allies of the last two wars, and our enemies in particular were aware of the very important part we played in the final and successful outcome of each war.

While a few think that, with the development of guided nuclear missiles, the free world could knock out an enemy together with all his installations almost instantaneously, most experts seem agreed that neither side will escape unscathed. In the United States, where the policy of "massive retaliation" was formulated, there has been no sign of neglecting the vital strategic auxiliaries, such as shipbuilding (indeed the U.S. is spending a minimum of $174,000,000 in direct subsidies annually) which would play almost as large a part in facilitating the occupation and policing of a mammoth devastated continent as it would in any total war that has been known until now. If a quick knockout was not forthcoming, the ravages to the shipping of the world would be unprecedented.

This submission is based on the premise that peacetime shipyards, able to expand rapidly in time of national emergency, are a vital and important factor in our national defence planning. We shall tell you something about the contribution which the shipyards of British Columbia made in World War II and the problems they had to overcome. We shall point out the economic and technical changes between 1939 and 1955 that must be considered in formulating a present-day policy. We shall show you how other major Canadian industries - much less vital in defence planning than are the shipyards - are given assistance and effective protection. We shall point out that an obsolete and inadequate tariff on foreign-built ships, formulated half a century ago and never since adjusted, is ineffective. We shall explain how other nations (particularly the United States) recognize the necessity of maintaining peacetime shipyards at a safe level.

In short, we will give you a picture of an essential industry, important to the peacetime economy of its neighborhood and its nation, and vital in war, facing a future that imperils both the economy in which it lives and its ability to meet a national emergency.

But perhaps before we enlarge on our submission the Commission would be interested in a brief history of the three steel shipyards still operating in British Columbia.

THE BURRARD DRY DOCK COMPANY LIMITED of North Vancouver has its roots in the backyard of the late Alfred Wallace's Richards Street home in Vancouver. There, in 1889, this shipyard, that was to become the most efficient in Canada by the time of the Second World War, began to take shape at nights when Alfred Wallace, home from a day's work, put his excellent English shipwright's training and his love of hard work into practice, beginning on simple row boats.

Ready reception of the founder's products led to expansion, first to establishment in 1894 of the Wallace Shipyard on False Creek, underneath Vancouver's old Granville Street Bridge, and then, in 1909, Alfred Wallace secured the present site of the Burrard Dry Dock Company, Ltd. in North Vancouver.

The Wallace Yard made an invaluable contribution to the supplying and repairing of ships essential to the victory in World War I, and of course was given a richly deserved impetus in the process. In 1921 the late Mr. Wallace signed an agreement with the Dominion Government to build a long-needed floating drydock in Vancouver harbour.

It was at that time that the company was reorganized and the newly-formed Burrard Dry Dock Company, Ltd. took over the assets of the Wallace Shipyard.

The 1920's and 1930's were troublesome years for most industries, and were especially so for shipyards with no definite policy in sight. Burrard managed to survive the depression and at the outbreak of World War II had in its employ, and not very regularly at that, the grand total of 242 men around which to build the mammoth organization called for in the interests of national security.

With the help of a training program and simple techniques (much simpler than could be managed today) that handful of workers was by 1943 built into an efficient working force of over 13,000 men.

The yard was greatly expanded by the end of World War II but now, as after World War I, the lack of continuity of work has resulted in the Yard's gradual decline until today, and since 1945, it has been operating at only a fraction of its capacity.

YARROWS LIMITED of Esquimalt, British Columbia, originally known as the Esquimalt Marine Railway, was founded in 1894 by the late W.F. Bullen who installed the first marine railway on the Pacific Coast.

From a small beginning, characterized by hard work throughout the plant from craftsmen to manager, the company developed and earned an envied reputation for quality workmanship. Late in 1913 Sir Alfred Yarrow was so attracted by the reputation and potentialities of the organization that he purchased the small yard and his son, Norman Yarrow, took over control of the newly-named Yarrows, Ltd., on January 1, 1914.

Plunged almost immediately afterwards into the demanding times of World War I, the small firm had to rely more on the skill and ingenuity of its craftsmen than on equipment. Employment during World War I reached a peak of 800 men and the yard refitted and repaired numerous Royal Navy Ships and, in addition, turned out a large volume of high explosive shells.

In 1926 the Candian Government Dry Dock was completed in Esquimalt, an addition to shipping facilities which meant much to the future of Yarrows Ltd. Even today it is capable of handling the largest ship afloat. The "Queen Elizabeth", with a gross tonnage exceeding 80,000, and one of the world's largest ships, was secretly brought into the dry dock during World War II for repair and refit by the staff of Yarrows Ltd.

World War II again presented many new demands. Yarrows Ltd., going into wartime production in 1939, had an irregular staff on hand of only 184 men which it expanded after three years, to a wartime peak of 3,980. During the war, Yarrows, Ltd., drydocked and carried out repairs to more than 2,500,000 tons of shipping in addition to building a large number of corvettes, frigates and LST's for the Royal Canadian Navy.

In April, 1946, Yarrows, Ltd. was sold to Burrard Dry Dock Company, Ltd. In the post war slump, Yarrows Ltd. was forced to close one of its two yards, and even then, in spite of restricted plant and a naval construction program, is carrying on at a level far below its capabilities.

THE VICTORIA MACHINERY DEPOT has a history stretching back almost as far as Victoria itself. It had its origin in 1863 when it was established as the Albion Iron Works. It was incorporated under the name of Victoria Machinery Depot in 1888 and was firmly established in the ship-building and ship-repairing business before the turn of the century.

The Company's early shipbuilding output consisted largely of small coastal and river vessels, and the company developed a corps of engineers, boilermakers and founders in steel iron and brass that enabled it to expand to a force of 500 men during the First World War when it was engaged primarily in ship repair and in the manufacture of shells.

Between wars presented a difficult period for the company and it managed to survive only by engaging in various industrial activities outside its general ship repair specialty while its staff dwindled to a nucleus of between 100 and 200 men.

The outbreak of the Second World War brought quick changes when the company was awarded a contract to build five corvettes for the Royal Canadian Navy. The company later built a large number of freighters. To handle the vast wartime increase a second yard was built in Victoria where freighters, tankers, an air force supply ship and other contracts were completed. The company built up its working force to a peak in 1943 of 3,300 men.

The company has experienced the general post-war decline and in spite of naval construction and considerable industrial work, has had to curtail its staff drastically. It is still carrying on shipbuilding with a greatly reduced labor force.

(2) THE SIGNIFICANCE OF B.C. SHIPYARDS IN THEIR LOCAL AND NATIONAL ECONOMIES

Quite apart from their importance to national security, British Columbia shipyards play a leading role in their own local communities. The three British Columbia yards last year put into local circulation, a payroll of $10,627,664.29, while giving direct employment to a yearly average of 2,514 men.

In Greater Victoria alone last year, 1,500 shipyard employees were paid a total of $5,875,794, and another $1,750,000 was paid to local merchants for goods and services. Any serious decline in this major industry would be disastrous to the economy of such a community.

But the economic impact of shipbuilding operations spreads far beyond the borders of its community and touches the well-being of persons and industries across the length and breadth of the nation.

In essence, a shipyard is a gigantic, complex assembly plant where the products of industries across the nation are brought together and assembled into the finished product by highly skilled men of many trades.

A single shipyard will call on scores of suppliers - large and small - for the components and materials going into one ship. It will need steel, copper, aluminum and brass products, engines, boilers, pumps, lifeboats, navigation instruments, radio and electronic devices, furniture, safety gear, ropes and cables - the list could go on for pages.

Some of these supplying industries are almost totally dependent on the shipbuilding industry for their very existence. There are in British Columbia today examples of thriving industries that came to life only because of the shipyard orders that enabled them to build up modern plants.

Last year alone, British Columbia shipbuilders spent $13,576,907 to suppliers and manufacturers across Canada for the materials they needed for the relatively modest program of shipbuilding on hand.

Thus when shipyards decline, the economic reverberations are felt from coast to coast. If, through lack of a peacetime preparedness policy, shipyards are now allowed to deteriorate to their 1939 levels or lower, there will be set up a chain reaction that will strike at the economies of supplying industries throughout Canada. Cutbacks in shipyard production will be reflected in smaller payrolls and sales in the scores of supplying industries. These suppliers, in turn, will have less business to offer to <u>their</u> suppliers, and so on, down the line of production.

(3) CONTRIBUTION OF BRITISH COLUMBIA SHIPYARDS IN WORLD WAR II

The six major shipbuilders of British Columbia (three have since fallen victim to the rigours of post-war existence) provided a striking contribution to the successful prosecution of World War II.

Caught in 1939 with less than 1,000 employees between them and many of those on only part-time work; a position they bid fair to find themselves in again shortly if some relief is not found, these yards rallied and trained a working force that hit a peak after 3 years of over 25,000 men and women.

From an almost complete standstill in 1939, after some delay in getting started, the yards dug in and built an impressive total of 303 steel vessels of 1,782,047.81 gross tons (See attached Appendix "A") and repaired and converted countless other allied vessels.

Such a monumental expansion was possible only because economic conditions of those days made it possible to keep key men on tap, even when only occasional work could be offered, and because there was a large pool of manpower, especially from the Prairies, that flocked to the coast and was easily trained for the simple (in comparison with 1955) skills that were needed at that time.

Then, too, the ships that were built were ready-made designs from the United Kingdom and the United States, capable of relatively simple and speedy production, ships, unfortunately, that would be totally inadequate in the light of today's requirements for shipping, either cargo or naval.

Then again, in World War II, key men were imported from the United Kingdom to assist with the huge expansion program being undertaken.

Yet, in spite of the advantages of the available pool of easily-trained labor, of the key men willing to stand by in hopes of occasional work, of the relatively simple design of the ships under construction and the importation of key men from Britain, it took British Columbia yards until almost the end of the third year of the war to reach maximum production.

With the concept of nuclear war and the speed and extent of its destruction, a delay of three years in the event of another war would be catastrophic. Yet present trends indicate the British Columbia yards are being allowed, for lack of any policy ensuring continuity of work, to slip back to the 1939 level of virtual inactivity.

There is every reason to doubt that if British Columbia yards are to be allowed to stagnate again they could match or even approach the recuperative feat that economic and technical conditions made possible during World War II.

In the first place, if shipyard activity diminishes below its current level, skilled men will not wait hoping for occasional work and being thereby available in time of emergency. On the contrary, British Columbia's expanding economy in other fields will absorb these highly skilled men and, if world tensions mount to the extent that shipyards are called upon to increase production, the skilled men will not be available, since most of these skilled men would perhaps go to other industries which might also be declared essential to the war effort.

Likewise there is not now available in British Columbia or in western Canada, a labor pool comparable to that preceding World War II. In spite of seasonal unemployment, there are many booming industries in British Columbia absorbing all casual labor in the Province. Even if labor were available, the training problems involved in the construction of modern vessels would dwarf

the problems raised by the need for training unskilled men during World War II.

It must be pointed out, too, that in a future emergency Canadian shipyards will not again be given ready-made British or United States designs, with the technical problems already ironed out. Ships now under construction or planned are of Canadian design with Canadian components, including propulsion units. Any changes, refinements or advances in design developing in emergencies, will have to be geared to the then-existing conditions and, therefore, will have to be accomplished by Canadian designers, draftsmen and men in our own Canadian shipyards.

Since 1939 there has been a technological revolution in the field of shipbuilding as elsewhere. Work involved in future shipbuilding programs will require far more skilfully trained personnel and a larger proportion of technicians in a shipyard's total working force than formerly.

Even now British Columbia shipyards are hampered by a shortage of electronics technicians and electricians. And, incidentally, so are most major Canadian industries. But if shipyards are to lose through inactivity what few such specialists as they have, they will be snapped up immediately by competing industries and, in case of an emergency, will be unavailable to our industry. These new technicians will not be turned out after courses comparable to World War II's six-week welding courses. They require many months of training in their technical field and years of experience in its application to shipbuilding.

It should be pointed out here if, through lack of a steady opportunity of work the skilled teams of architects, engineers and technicians built up over the years drift away to other industries, taking their invaluable "know-how" with them, that the shipyards will not be alone in such a loss. For the vast network of supplying industries across Canada, bereft of shipyard contracts they have depended upon, will likewise be unable to retain their key men. The chances of re-assembling such a specialized group down the lines of production from the shipyards to the primary producers in time of another emergency would be slim indeed.

It should also be brought out at this time that the speed of production in a shipyard is invariably restricted by the speed of the slowest trade. A shortage of skilled men in one key trade could create an industry-wide bottleneck and cripple production.

These factors are behind our submission here that any policy, or lack of policy, that would permit Canada's shipbuilding industry to deteriorate to the point from which it would be impossible to recover with the utmost speed in a national emergency, is dangerous to Canada's national security.

(4) POST-WAR MORTALITY OF BRITISH COLUMBIA SHIPYARDS

With the completion of World War II production, and the small amount of business available directly thereafter, the position of British Columbia shipyards deteriorated spectacularly, coming to an absolute low in 1950 when in all surviving British Columbia yards only 1,100 men were employed (Canadian Maritime Commission Report - 1954) - only a handful more than had been employed by the yards in 1939.

Fortunately for Canada's security the shipyards were saved, or at least reprieved, from stagnation by the initiation of a naval shipbuilding program that has gradually enabled the industry to repair the gaps in their rolls of technicians and engineers.

But the post-war slump took a heavy toll on B.C's shipbuilding industry with no less than five yards closed and scrapped. They were:-

West Coast Shipyards - scrapped in 1946*
Burrard South - scrapped in 1946*
Yarrows No. 2 Yard - scrapped in 1948*
Pacific Dry Dock - scrapped in 1953
Prince Rupert Dry Dock - scrapped and sold 1954
(* Wartime-developed yards).

The post-war decline and partial rescue by the naval program of British Columbia shipyards shows clearly in the following table taken from the Seventh Annual Report of the Canadian Maritime Commission, 1954. (page 9)

Year	Average Monthly Employment	Year	Average Monthly Employment
1946	4,988	1950	1,100
1947	4,119	1951	2,080
1948	2,949	1952	2,595
1949	1,496	1953	2,547

The 1955 figure for the first quarter stands at just over 2,000 about 50 to 60 per cent of whom are occupied with naval shipbuilding which is already tapering off with completion in sight and nothing to take its place.

(Shipyard employment for all of Canada stood at 17,492 in January, 1954. It had fallen to 12,234 in January, 1955. A great many more will be dropped from the payrolls by the end of this year.)

In short, when the naval program is completed, and the end is now in sight, British Columbia shipyards will be back to about where they were in 1939 and 1950, or possibly even in a worse condition.

Will there be a further mortality among the three remaining yards? No one can say yet. But as the naval program tapers off leaving plant and equipment idle, shipyard overhead costs will rise proportionately, putting British Columbia yards in an even more invidious cost position - vis-a-vis their competitors than that in which they now find themselves.

The mortality rate itself raises an atomic age question about the safety of the industry in the event of a third great war. High level civil defence counsel dictates that survival of vital industry in case of atomic warfare may depend on dispersal. The mortality rate in British Columbia shipyards leaves the Pacific Coast industry as an example of dispersal in reverse.

(5) INSECURE POSITION OF THE BRITISH COLUMBIA SHIP-BUILDING INDUSTRY

Apart from the construction and repair of coastal vessels, considerations of which will make up the balance of this brief, shipbuilders in British Columbia normally look to three main sources for work;

1. Naval work; new construction and repair.

2. Federal and Provincial Government vessels; new construction and repair.

3. Deep sea merchant vessels; new construction and repair.

A. NAVAL WORK

In 1955 Naval work constituted considerably more than 50 per cent of the work done in British Columbia shipyards. It has been building up since 1950 and unless it is augmented by a new and continuing program of naval construction (not now envisioned) its withdrawal will result in a grave deterioration in the capacity for future work of British Columbia yards starting this year.

Not only is there no new Naval construction in sight, but British Columbia shipbuilders cannot even be sure of securing naval conversion and repair work. At this time, H.M.C. Dockyard, Esquimalt, British Columbia, a naval maintenance yard, is carrying out an extensive conversion of the destroyer H.M.C.S. Crescent, a job of the type that shipbuilders had heretofore considered as in their domain.

B. DOMINION AND PROVINCIAL GOVERNMENT VESSELS

Construction and repair of this small fleet of vessels provides a welcome but extremely limited volume of work for British Columbia shipbuilders with no foreseeable volume increase in the future.

C. DEEPSEA VESSELS

In 1946 a considerable fleet of deepsea vessels (about 50) was operated from British Columbia ports. These ships provided a considerable volume of maintenance and repair work amounting to about $1,000,000 a year calculated on the conservative estimate of a $20,000 yearly overhaul for each vessel.

Since that time, of course, the Canadian deepsea fleet has practically disappeared, particularly on the Pacific Coast. As a result, British Columbia shipyards get virtually no work from this source. Moreover, because of cost differentials between this country and most foreign countries, a limited amount of repair work is carried out on the large number of British and foreign ships trading with British Columbia. Cost factors dictate to British and foreign owners that only emergency repairs be carried out in Canada, the major repairs, alterations or additions being done in British and foreign ports.

The reasons for Canada's inability to compete with such foreign shipbuilders are thoroughly explored in the main submission by this Association.

Without elaboration we will be content to point out that it boils down to a difference in standards of living. Wages make up some 65 per cent of the cost of a ship or ship repairs, when wages of all suppliers have been considered. Although Canadian methods, quality of work and man-hour productivity is second to none, Canada, and British Columbia in particular, is unable to compete with countries whose shipyard skilled labour is paid 60.5 cents an hour (Britain)*, 47.1 cents an hour (West Germany)*, 44.2 cents an hour (Netherlands)*, 42 cents an hour (Italy)*, 28.8 cents an hour (Japan)*, while British Columbia shipyards are paying $2.02½ an hour plus an average of 33 cents an hour for fringe benefits. (* Source: U.S. Department of Commerce - in U..S. funds)

(6) NEW SIGNIFICANCE OF THE COASTING TRADE - STRATEGIC AND ECONOMIC

With the liquidation of Canada's deepsea fleet almost complete, the Canadian coasting trade takes on a new significance as the backbone of Canada's merchant marine. It is not an insignificant fleet, having handled, according to Dominion Bureau of Statistic figures for 1953 some 32,467,000 tons of freight, or slightly more than the tonnage loaded for export in the same year by Canada, then the world's third trading nation.

This absence of a deepsea fleet also gives new urgency to the need for considering all aspects of the remaining coasting fleet in the light of strategic defence considerations.

It appears self-evident that a policy must be adopted to assure that this domestic fleet remains firmly within Canadian control. Yet, unless a new policy is formed, there is at least the possibility that the Canadian coasting fleet will sail off in the wake of the deepsea fleet.

It is our submission to this Commission that unless Canada's domestic fleet is quickly reserved to ships, built and repaired in Canadian shipyards and manned by Canadian crews, the nation stands in peril of finding itself in the unhappy position of controlling a practically non-existent merchant fleet without the means of expanding it in time of national emergency.

The continuing Canadian trend that sanctions the purchase of ships built in Commonwealth and foreign countries for use in the Canadian coasting trade constitutes a threat to the very existence of shipbuilding in British Columbia, and therefore becomes a matter of prime importance in national security considerations.

Since the end of World War II, because such Commonwealth and foreign importations have been allowed, British Columbia shipyards have lost a large and important volume of work.

From January 1, 1946, to August 15, 1954, some 307 Commonwealth and foreign built vessels totalling 82,881.68 tons have been imported and registered through British Columbia ports. (See attached Appendix "B").

Of these 307 imported units, 206 were powered vessels of some 47,869.61 tons. They ran the gamut of coastal craft, including tugs, fish-boats, cargo vessels, passenger ships and yachts. The rest of the 307 consisted of 101 non-powered scows and barges totalling some 35,012.07 gross tons. (See attached Appendix "B").

Most of these imported units were built in the United States, 90 per cent of them in 1942, 1943, 1944 and 1945. They had obviously been classed as war surplus and were gladly disposed of in Canada for a fraction of their 1942-1945 costs, let alone replacement value.

The estimated cost of replacement of these vessels in British Columbia at the time of importation is conservatively estimated at $53,519,000 (See attached Appendix "B"). The magnitude of this loss of potential work to British Columbia shipyards may be clearly seen by placing the $53,519,000 beside the value of the total volume of work actually completed in the shipyards over the same period: $98,630,616 (See attached Appendix "C").

In other words, had these imported units been built in British Columbia, the volume of work in hand (and proportionately the employment level) during the 1946-1954 period could have been 55 per cent larger.

This state of affairs, not new, has inspired numerous and vigorous protests to the Government of Canada by the Canadian Shipbuilding and Ship Repairing Association and by other interested groups. But it was not until July 1, 1950, that the government vested in the Minister of Transport the authority to stop importation of these vessels into Canada.

The shipbuilders thereupon concluded that all future importations would be stopped and that the local shipyards would be given the opportunity to build new vessels required for service on the coast of British Columbia.

The Minister of Transport had been given the power to stop the importations but has used that power sparingly. Between July 1, 1950 (when the Minister's power to halt imports was authorized) and August 15, 1954, some 106 foreign built vessels of 34,392 tons, representing a replacement value of $19,133,000, have been registered through British Columbia ports and have been

put into service in the Canadian coastal trade. (See attached Appendix "B"). For the record, further importations have been made since the middle of last August.

The dollar value of these imports is an indication of the work potential available to British Columbia shipyards from the Canadian Coastal trade. British Columbia's expanding economy will increase that potential. Replacements of obsolescent tonnage is another source of work for British Columbia shipyards. In this connection a recent development in British Columbia waters is the expanded use of scows and barges to over 225,000 net registered tons. Of the 1,120 scows and barges now in operation, some 607 are now more than 25 years old and will require replacements. Some 80 per cent of the 607 are wooden-hull barges that must be replaced within five years.

Here, then, in the coasting trade, a purely domestic field, is a potential market for British Columbia shipyards -- not a large market, but of some assistance towards our objective in keeping in practice a number of the key technicians and engineers required for a rapid expansion in time of emergency.

But as matters stand now there is no assurance that British Columbia yards will get more than a fraction of this work. Yet it is one of the only sources of work left available to these shipbuilders.

(7) A REASONABLE PROPOSAL

There is nothing unreasonable about a submission asking that the Canadian coasting trade be reserved for ships built and registered in Canada. The shipyards of most nations of the world look to their own coastal services for business and, indeed, many countries reserve even a good proportion of their foreign trade to their own national shipping.

1. UNITED STATES POLICY

There is a particularly vivid example for Canada in the United States where economic and geographic conditions paralleling those in Canada would have practically wiped out United States shipping and shipbuilding industries had it not been for the imposition of a firm policy of Government support, justified by the requirements of national security.

As in Canada, shipbuilders in the United States, after the mightiest effort in history during the Second World War, were left for a time to flounder along on a course verging on poverty because of the insurmountable obstacle of foreign wage rates. But at least United States shipbuilders have never been denied the business connected with its domestic coastal shipping, as have their Canadian counterparts. Here is a United States official appraisal of the importance of the coastal trade, as expressed in "Maritime Subsidy Policy," 11th April, 1954, (page 81).

"The policy of reserving the domestic waterborne commerce of the United States to vessels built in the United States and owned and operated by United States citizens is as old as the United States government itself. This policy has justified itself over the reach of the years by providing the United States during national emergencies with a substantial number of vessels of various types. Moreover, this policy has provided employment for a large number of seamen and a market for the products of American shipyards and other industries. In view of current international conditions and the essentiality of shipping to our military needs and our civilian economy, this policy should not be discontinued. United States flag ships engaged in the domestic trade are of special significance in a national emergency since they are immediately available."

A similar policy to that expressed above is all that is asked in this submission. Yet while we are discussing United States policy it might be pointed out that the reservation of coastal shipping is practically taken for granted and constitutes only a fraction of the support given to United States ship builders. The United States has recently authorized a program, involving an annual outlay of $174,000,000, to encourage shipbuilding in United States yards by direct subsidy, trade-in deals for obsolescent vessels, repairs to mothball fleets, etc.

Before leaving United States policy it should be pointed out that any Canadian tendency to count on United States or British assistance in a shipping pool in a future emergency might be dangerous. Quoting again from "Maritime Subsidy Policy" (page 4) we read:

"The problem of determining the quantity of available water transportation capacity in time of serious national emergency should be approached on a conservative basis. The element of chance should never be permitted to enter into any calculations regarding requirements and availabilities. It is true that during World War II the United Kingdom obtained substantial quantities of ship tonnage from continental European sources, but much of it was obtained after those continental countries had been invaded. Nevertheless, the United Kingdom needed most of the tonnage which it controlled for its own uses. The small number of foreign flag ships which the United States obtained in World War II was more than offset by the ships which we were required to lend-lease or charter to our allies.

"It appears, therefore, that during a major international military conflict the United States must depend primarily upon its merchant flag fleet and ships controlled by citizens of the United States and registered under the laws of Panama, Liberia, Venezuela and Honduras."

(8) LOW COST COMPETITION

Most Canadian industries, especially those that have vital roles to play in times of national emergency, are effectively protected by tariffs or customs. Some are even nurtured by subsidies or tax concessions.

With a huge surplus of used cars available in the United States at a fraction of what new car prices are in Canada, it doesn't require much imagination to realize that if importation of these cars was permitted, Canadians would seldom be tempted to buy a Canadian car and Canada's thriving automotive industry would be on the verge of ruin.

To safeguard this industry, so vital to the nation's economy and security, Canada by law has prohibited outright the importation of second hand or war-surplus automobiles. (The Customs Tariff, Index to Commodities, Schedule C, Item 1215). Had the automobile industry of Canada not been protected in peacetime it would have been incapable of the tremendous production reached during World War II.

Canadian law also prohibits the import of second hand or war surplus aircraft with the object of protecting the future potential of another essential defence industry (Schedule "C", Item 1216, Canadian Customs Tariff).

It is submitted here that Canada's shipbuilding industry is no less essential in peacetime or emergency and that our recommendation that the Canadian coasting trade be reserved for Canadian-registered and Canadian-built ships will provide, to a lesser degree, the same type of assistance for the shipbuilding industry of Canada that is now provided for such industries as the automotive and aircraft industries.

As has been shown earlier, a huge volume of potential business for British Columbia shipyards has been lost through the importation for use in British Columbia waters of a formidable tonnage of ships, representing a replacement value of $53,519,000.

Most of this tonnage was war surplus United States shipping purchased at a fraction of replacement cost. We submit that importation of these second-hand ships is one of the basic causes of West Coast shipyard insecurity. We ask this Commission to recognize and recommend the removal of this threat to the future of an essential industry, just as threats to automotive and aircraft industries have been removed by direct prohibition of second-hand imports.

The war surplus problem, we must add, is not a temporary one that will right itself in time. There will be large numbers of vessels, serving many different purposes, but classified as surplus, overhanging the market for ships on the Pacific Coast as far as one can envision.

There is also a danger inherent in the new United States plan allowing owners to "trade-in" obsolescent vessels on new ones, with the U.S. government being the purchaser. Will these ships, too, wind up in Canada's coasting trade?

Besides protecting vital industries from low cost foreign competition, Canada also encourages many essential industries by direct subsidy and tax concessions, in fact, one of the subsidies goes to aid certain steamship operations in British Columbia coastal

waters and in 1952 and 1953 amounted to $432,500 and $362,000 respectively, according to Canadian Maritime Commission Reports of 1953 and 1954.

Other industries are aided in difficult but essential operations by tax concessions. For example, the oil industry may write off all exploration costs as deductions. (Income Tax Act, Section 53 (1A), Chapter 25, 1949). Little help in this direction is available to shipyards.

There is, indeed, a 25 per cent duty payable on import for use in coastal waters of vessels built in countries outside the British Commonwealth of Nations. But it has been singularly ineffective as a protective measure because of the larger than 25 per cent cost differential between Canadian and foreign operations. If the duty was meant to protect Canadian shipbuilders when it was imposed more than half a century ago, in 1902, it has fallen far short of its aim for more than a score of years.

If another comparison with the similar United States economy is in order it may be pointed out that in that country, with shipbuilding costs roughly equivalent to our own, the import duty is 50 per cent.

The establishment of an all-Canadian coasting trade, self-sufficient in all respects may be opposed by elements within the coasting trade itself.

It is submitted, however, that continued healthy existence of coastal shipyards, ready at a moment's notice to assume emergency operations, is in the best interest of all components of the coasting trade and the nation itself and, especially in time of emergency, economic considerations must be transcended by the strategic.

A similar argument applies in relation to the United Kingdom where at least three passenger ships (totalling 18,609 tons) have been built for the British Columbia coastal service since World War II and a train ferry of some 7,000 tons has recently arrived in British Columbia from the United Kingdom.

As important as are the dollars earned for Britain by British Columbia business, must be the strategic result if that business puts British Columbia shipyards out of action in the event of future hostilities. No fair-minded person could argue that Britain during a world war could then supply her own needs with enough capacity left over to fulfill the role that British Columbia shipyards might otherwise have played. And no fair-minded person could argue that to Britain the dollars are more important than the life-and-death security considerations of her senior partner in the Commonwealth.

To an onlooker from another country the spectacle of an established shipbuilding industry having to fight for its share in its own nation's coasting trade must appear ludicrous. And doubly so since there are more than economic considerations at stake.

But it has been proven in two wars that the strength of a nation's shipbuilding capacity, the ability to meet speedily the ravages of war on shipping while keeping afloat an expanded fleet needed to wage modern war, is virtually a matter of life and death.

This brief has been at pains to make clear that if the shipyards of the nation are allowed to revert to anything approaching their 1939 status, their strategic value in another emergency will be greatly reduced if not destroyed completely.

It took three years to reach maximum production in World War II with the advantages of a fairly available core of skilled and trainable men on relatively simple projects. Three years would be too long to wait in an atomic age emergency, yet it will take even longer than that to reach full production if yards are allowed to continue their present downward trend.

Canada already protects her other vital transportation industries. The International Civil Aviation Convention of 1944 reserves to each nation the right to bar cabotage. Air and rail traffic is so controlled. Why not maritime coastal traffic?

We have shown how the government protects automotive and aviation industries. Canada also provides assistance to farmers in the forms of price supports and freight assistance, to gold mining companies, to coal miners.

The shipbuilding industry of Canada needs assistance, too, if it is to be kept ready to play its part in time of emergency. There is not at this time any request for subsidy or special financial assistance. The shipbuilding industry asks only what its counterparts in most nations of the world take for granted.

We urge this Commission to recommend to the government that Part XIII of the Canada Shipping Act be amended so that the coastal trade of Canada will be reserved to ships built and registered in Canada.

We respectfully request permission to speak to this brief at the time that the Commission meets in British Columbia, to answer such questions as the Commission would care to ask, and to make such additional submissions as may have developed at that time.

B. C. Member Shipyards of
the Canadian Shipbuilding
and Ship Repairing Association,
c/o P.O. Box #1030,
Victoria, B.C.

APPENDIX A

STEEL SHIP CONSTRUCTION - BRITISH COLUMBIA SHIPYARDS

(1940-1945 INCLUSIVE)

BURRARD DRYDOCK CO. LTD. (Vancouver)

1	Ammunition Lighter	100	Tons Deadweight
4	Single Screw Corvettes	2,844.28	Gross Tons
6	Twin Screw Minesweepers	3,986.82	" "
50	North Sands Cargo Vessels	356,569.00	" "
34	Victory Type Cargo Vessels	243,444.00	" "
8	Victualling Ships	57,667.00	" "
6	Canadian Type Cargo Ships	42,882.00	" "
5	Maintenance Ships	36,229.70	" "
114	TOTAL	743,622.80	Gross Tons

PACIFIC DRY DOCK CO. LTD. (Vancouver)

6	Twin Screw Minesweepers	3,986.82	Gross Tons
6	R.N. Twin Screw Minesweepers	3,986.82	" "
26	North Sands Type Cargo Vessels	185,439.00	" "
21	Victory Type Cargo Vessels	150,348.00	" "
3	Canadian Type Cargo Vessels	21,446.00	" "
5	Maintenance Ships	36,229.70	" "
67	TOTAL	401,436.34	Gross Tons

PRINCE RUPERT DRY DOCK (Prince Rupert)

4	Twin Screw Minesweepers	2,657.88	Gross Tons
6	North Sands Type Cargo Vessels	42,814.00	" "
5	Victory Type Cargo Vessels	35,815.00	" "
2	Canadian Type Cargo Vessels	14,319.00	" "
17	TOTAL	95,605.88	Gross Tons

VICTORIA MACHINERY DEPOT CO. LTD. (Victoria)

5	Single Screw Corvettes	3,575.85	Gross Tons
9	North Sands Type Cargo Vessels	64,153.00	" "
5	Victory Type Tankers	36,170.00	" "
3	Victory Type Cargo Vessels	21,495.00	" "
1	Air Stores Issuing Ship	7,285.00	" "
2	Canadian Type Cargo Vessels	14,297.00	" "
25	TOTAL	146,975.85	Gross Tons

APPENDIX A PAGE 2

WEST COAST SHIPBUILDERS LTD. (Vancouver)

22	North Sands Type Cargo Vessels	156,909.00	Gross Tons
18	Victory Type Cargo Vessels	93,078.00	" "
7	Victory Type Tankers	50,604.00	" "
3	Canadian Type Cargo Ships	21,443.00	" "
1	Maintenance Ship	7,497.31	" "
51	TOTAL	329,531.31	Gross Tons

YARROWS LTD. (Victoria)

5	Single Screw Corvettes	3,575.85	Gross Tons
2	North Sands Type Cargo Vessels	14,258.00	" "
17	Twin Screw Frigates	25,587.55	" "
5	Transport Ferries (L.S.T.)	21,453.70	" "
29	TOTAL	64,875.10	Gross Tons

Grand Total Ships 303 Grand Total 1,782,047.28 Gross Tons

(Compiled from records Lloyd's Registry of Shipping, Vancouver, British Columbia)

APPENDIX B

VESSELS IMPORTED AND REGISTERED IN B. C. - 1945-1954

Dates	Total No. Units	Tonnage	Replacement Cost at Time of Importation	No. Power Units & Gross Tonnage		No. Non-Power Units and R.T.	
Jan. 1, 1946 to Aug.15, 1954	307	82,881.68	$53,519,000.00	206	(47,869.61)	101	(35,012.07)
July 1, 1950 to Aug.15, 1954	106	34,392.20	$19,133,000.00	81	(22,501.58)	25	(8,890.62 R.T.)

July 1, 1950 was date Minister of Transport was given authority to stop importation of above recorded vessels.

(Above figures provided by Registrars of Shipping - Ports of Vancouver, Victoria, Nanaimo, New Westminster and Prince Rupert, B.C.)

APPENDIX C

VALUE OF SHIPS DELIVERED AND OF REPAIRS AND CONVERSIONS CARRIED OUT IN BRITISH COLUMBIA YARDS, 1946 - 1953

	1946	1947	1948	1949	1950	1951	1952	1953	TOTALS
Shipbuilding	6,047,898	3,970,066	21,127,252	5,114,021	1,502,800	601,001	3,021,670	287,835	41,678,543
Repairs and Conversions	8,744,194	9,892,870	7,983,945	5,520,142	3,653,624	6,603,553	7,217,901	7,335,846	56,952,075
	14,792,092	13,868,936	29,111,197	10,634,163	5,156,424	7,204,554	10,239,571	7,623,681	98,630,618

Source: Canadian Maritime Commission Report

APPENDIX D

Coastal and International Trade of British Columbia Compared with the Coastal and International Trade of Canada: 1952 and 1953.

I: COASTAL TRADE

	At British Columbian Ports (Thousand tons)	At all Canadian Ports (Thousand tons)	At British Columbian Ports (% of Total)
1952:			
Cargoes Loaded	3,208	27,574	11.6%
Cargoes Unloaded	4,276	30,870	13.9%
TOTAL	7,484	58,444	12.8%
1953:			
Cargoes Loaded	3,807	28,574	13.3%
Cargoes Unloaded	5,492	32,467	16.9%
TOTAL	9,299	61,041	15.2%

Source: D.B.S. "Shipping Reports"; 1952 page 165, and 1953 pages 159 and 161.

II: INTERNATIONAL TRADE

	At British Columbian Ports (Thousand tons)	At all Canadian Ports (Thousand tons)	At British Columbian Ports (% of Total)
1952:			
Cargoes Loaded	8,518	32,565	26.2%
Cargoes Unloaded	3,236	38,756	8.3%
TOTAL	11,754	71,321	16.5%
1953:			
Cargoes Loaded	8,872	32,202	27.6%
Cargoes Unloaded	3,140	38,692	8.1%
TOTAL	12,012	70,894	16.9%

Source: D.B.S. "Shipping Reports"; 1952 pages 43 and 63, and 1953 pages 55 and 83

APPENDIX E

Summary of Steel Naval and Merchant Vessels built in Canadian Shipyards during World War II, 1939 - 1945

	Naval	Merchant	Total
Atlantic Coast	7	32	39
St. Lawrence River	163	114	277
Great Lakes	165	3	168
Pacific Coast	58	249	307
TOTAL	393	398	791
Per Cent of Total built in Pacific Coast Yards	14.8%	62.6%	38.8%

Source: Canadian Maritime Commission,
Second Report, 1949;
Table II,
Pages 19 and 20.

APPENDIX F

Number of Persons Employed in Shipyards on the Pacific Coast and Elsewhere in Canada.

Wage Earners and Salaried Employees: Averages of Months

Year	In Yards on the Pacific Coast	In other Canadian Yards	Total, in all Canadian Yards	Shipyard Workers, % of all employees in Yards on Pacific Coast
1939	758	1,857	2,615	29.0%
1945	16,097	19,398	35,495	45.4
1946	3,488	11,411	14,899	23.4
1947	3,019	13,016	16,035	18.8
1948	2,463	12,324	14,787	16.7
1949	1,496	8.335	9.831	15.2
1950	1,084	7,429	8,513	12.7
1951	2.080	9.950	12,030	17.3
1952	2,593	14,549	17,142	15.1
1953	2,473	16,983	19,456	12.7
1954	2,514	13,062	15,576	16.1
1955				
January	2,330	9.904	12,234	19.0
February	2,029	10,356	12,385	16.4

Source: Records of the Canadian Shipbuilding and Ship Repairing Association.

B. 104 80-4-23

FISHERIES COUNCIL OF CANADA
Suite 33, 46 Elgin Street
Ottawa 4, Canada

June 30, 1955

Mr. G.G. McLeod
Secretary
Royal Commission on Coasting Trade
490 Sussex Street
Ottawa, Ontario

Dear Sir,

Canada's fishing industry is interested in the study being made by the Royal Commission on Coasting Trade. The following comments are forwarded for the consideration of the Commission and this Council is prepared to secure further detailed information should this be requested.

This submission is made on behalf of the member organizations of the Fisheries Council of Canada, comprising producers, processors and distributors of over 90 per cent of the total annual production of fishery products, (Appendix A).

The position of the fishing industry in respect to this matter can be stated briefly. We request that, in any recommendations that the Commission may make to the Government of Canada, specific mention be made that such recommendations are not intended to apply in any way to the Canadian fishing fleet, in coastal or inland waters.

It is clear, of course, that fishing vessels, engaged in fishing, are not occupied in the coasting trade. However, there are cases where certain of these vessels are engaged in activities other than fishing at various times of the year in many of the fishing areas. It is to protect the right of these vessels to continue such non-fishing operations that the request is made to specifically exempt fishing vessels from any recommendations made by the Commission.

On both the west and east coasts, and in many inland areas, there are numerous small settlements and fishing camps which are not serviced by regular commercial steamship lines. It is traditional that, as required, fishing vessels are used to service these points - for moving salt and other supplies to these fishing settlements and camps and to move the product, on some occasions, to a central point for either processing or shipment to market.

Without such service, real hardship would result in many isolated communities and there would be a definite interference with the efficiency of the fishing operations in progress at such points.

This principle has been recognized by various departments of government at Ottawa. The Departments of Finance and National Revenue recognize it in determining the rate of duty to apply on imported vessels - acknowledging that certain vessels which do not

actually fish full time are eligible for classification as fishing vessles. The Department of Transport, in carrying out its inspection services, through the Board of Steamship Inspection, operates on the principle that any vessel that fishes for more than 50 per cent of its time at sea is a fishing vessel. It is understood, of course, that non-fishing activities which are carried out when necessary are of a nature which do not create competition for established commercial shipping lines.

In effect, the non-fishing operations which are performed from time to time by fishing vessels are necessary since there are no alternative shipping facilities available - the type of servicing necessary, to small points at irregular intervals, is of a type which is not lucrative from a regular commercial shipping point of view.

While this matter is of minor significance in the light of the many major questions which are before the Commission, it is of vital importance to Canada's fishing industry. Any oversight which might affect the present system of operations would result in severe repercussions to the economy of many fishing areas.

We repeat, therefore, the request that this matter be kept in mind when the Commission is drafting its recommendations and that the operations of "fishing vessels" be specifically exempted from any proposals which might result in any limitation of our present methods of utilizing the fishing fleet throughout Canada.

Very cordially yours,

Gordon O'Brien
Manager

MEMBER ORGANIZATIONS FISHERIES COUNCIL OF CANADA

Prince Rupert Wholesale Fish Dealers Association,
PRINCE RUPERT, B.C.

Prince Rupert Fishemen's Cooperative Association,
PRINCE RUPERT, B.C.

Fisheries Association of B.C.,
VANCOUVER, B.C.

Vancouver Wholesale Fish Dealers Association,
VANCOUVER, B.C.

Prairie Fisheries Federation,
WINNIPEG, Man.

Ontario Wholesale Fish Merchants Association,
TORONTO, Ontario

Ontario Council of Commercial Fisheries,
PORT DOVER, Ontario

Montreal Fish Merchants Association,
MONTREAL, P.Q.

Quebec & Northern New Brunswick Fish Producers & Exporters Association,
QUEBEC, P.Q.

Quebec United Fishermen,
MONTREAL, P.Q.

New Brunswick Fish Packers Association,
MONCTON, N.B.

Canadian Atlantic Salt Fish Exporters Association,
HALIFAX, N.S.

Nova Scotia Fish Packers Association,
HALIFAX, N.S.

Atlantic Fisheries By-Products Association,
HALIFAX, N.S.

Prince Edward Island Fisheries Federation,
CHARLOTTETOWN, P.E.I.

Newfoundland Fish Trades Association,
ST. JOHN'S, Newfoundland

The Burin Peninsula Fisheries Association Limited,
ST. JOHN'S, Newfoundland

P R O J E C T S A L E S L T D.

The purpose of this submission is to bring to the attention of the Royal Commission the effect of Canadian shipbuilding on a very small Canadian corporation and its subsequent secondary effect on a larger segment of Canadian industry.

It is intended to show that Canadian business, whether large or small is effected in a chain reaction manner due to shipping and shipbuilding activity, more so than might be occasioned by some other type of particular industry.

The submission concludes with recommendations that the Canadian shipping and shipbuilding industry be given every means and assistance possible to take fullest advantage of conditions under investigation by the Commission, ie., terms of reference from Order-in-Council P.C. 1955-308 March 1, 1955.

In way of explanation, preliminary remarks attempt to show the organization of Project Sales Limited, what it is, and why it is, what its accomplishments are and what its objectives are. Pertinent data such as personnel employed, sales volume, and Federal taxes paid are also given. The tangible link between this data and Canadian shipbuilding will support the conclusions and recommendations cited in the latter part of this Brief.

PRELIMINARY

Project Sales Limited is a corporate body, established under the laws of the Province of Quebec, and operating accordingly. Charter was granted in June, 1952. A five-member board of directors holds regular and properly recorded meetings. Qualified audit is maintained by an independent firm of Chartered Accountants. Legal consultation is maintained through a permanently retained legal firm. The company is privately owned, major share holders being the two active partners.

The company's operating staff consists of only three people, two partners and a secretary. The partners hold the positions of President and Vice-President, and are fully qualified engineers. One is a member of the Corporation of Professional Engineers of the Province of Quebec, the other a retired Commander (Engineer) R.C.N. Their ages are in the forty to forty-five year range. Both are members of the Society of Naval Architects & Marine Engineers. In this manner they are qualified to act in an engineering and technical service capacity, and the Charter of the company permits them to do this.

The company acts as exclusive factory representatives for a number of United States and United Kingdom manufacturers. The operations in each case would be equivalent to a factory branch office. Sales work, technical liaison, and service work are all performed. The company originally represented one United States manufacturer only, but this since has been increased to the representation of about four U.S. and three U.K. Manufacturers. Future expansion of activities and personnel are planned.

Project Sales Limited itself does not manufacture any goods, nor does it represent (at the present) any Canadian manufacturer, and this point should be borne in mind throughout the Brief.

Due to a high efficiency occasioned by modern office equipment, good working conditions, and fair remuneration, a larger than normal amount of work is handled by the existing staff.

During its four years of existence, Project Sales Limited has averaged (through its manufactures) a sales volume of approximately one million dollars each year. During this time total returns in Federal Taxes 'employees personal and corporation) have been in excess of twenty-seven thousand dollars.

GENERAL

With little exception, the greater proportion of the company's activities has been in the marine trade. It is fair to say that the existence of the company since its formation has been dependent upon Canadian shipbuilding and shipping activity. This includes both naval (National Defence) and commercial shipping. This was occasioned by two prime factors. First, the manufacturers of the products represented are directed primarily to the marine field. Second, the experience and ability of the two partners are strongest in the marine field.

The first major contract granted to Project Sales Limited was placed in August, 1952 by the Department of Defence Production in Ottawa. It called for the provision of sea water distilling plants to be used on Royal Canadian naval vessels. The plants were of a design originated by a United States manufacturer and normally manufactured in eastern United States. The Royal Canadian Navy had made it apparent that it was loathe to adopt a product,- for procurement reasons in time of national emergency,- which were foreign built. The Department of Defence Production had also indicated that preference for the spending of tax payers' money should naturally be given to Canadian manufactured goods. As a Canadian company first, and as a sales agency second, Project Sales Limited could see the wisdom of these contentions and purposely embarked on a program which would make available to the Canadian government goods of foreign design and patent, but manufactured in Canada, with Canadian materials and Canadian labor. It is undoubtedly fortunate that the United States manufacturer in this instance was far-seeing in outlook, had good business sense, and was desirous of cooperating to the fullest degree with the Dominion of Canada and with his Canadian representatives. In this manner, sub-contracts were placed with Canadian manufacturers for the supply of materials and assembly of the distilling plants. Wherever and whenever possible Canadian sources were used. The outcome in the final analysis showed that the contract cost to the Canadian government was approximately ten percent lower than expected and the Royal Canadian Navy was assured of a future source of

supply in its own country. Most important however, the financial situation developed for the most part into a re-circulation of monies in Canada, except for that part of design engineering, and administrative costs which went to the United States manufacturer, monies to which he was fully entitled, and which were approved in amount and principle by the Canadian government. Canadian suppliers had orders placed with them for components that normally would have gone to United States suppliers. A large manufacturer in Montreal had a sizable contract placed with them for assembly of the plants which would normally have been done in United States, and sales and engineering commission was paid to the Canadian representative, and used by them in their Canadian operations.

Throughout the last four years, the aforementioned policy of handling contracts has been followed whenever practical and economically sound by Project Sales Limited. More than one manufacturer represented (both in U.S. and U.K.) has been approached to follow the same procedure, and in each case full cooperation has been promised. So established is our thinking along these lines that a foreign manufacturers' concurrence is generally requested before representation will be entered into on his behalf.

We feel that the important fact for the Commission to take into consideration here is that Project Sales Ltd. is a small company. It is not a large company, if it were, the following figures would not be considered important figures. Yet during the four years of its existence, total amount of Canadian labor contracted for from major Canadian suppliers has been in excess of fifty-seven thousand man-hours. We know that these figures are correct because they have been given to us by the major suppliers. On top of this can be added additional unchecked labor by minor Canadian suppliers. As previously pointed out, as a result of this work Project Sales Limited and its employees have paid in excess of twenty-seven thousand dollars of Federal taxes. To this return could be added (if it could be traced) Federal taxes from Canadian suppliers and their employees levied due to income gained from this work.

Now major Canadian companies affected directly or indirectly by shipping and shipbuilding can perhaps be numbered in the hundreds, the small companies can certainly be numbered in the thousands. It is our firm belief that shipping and shipbuilding, above all other industries, affects the greatest number and widest variety of suppliers and sub-suppliers, contractors and sub-contractors. Project Sales Ltd. is definitely a small Canadian Company and as such is grouped in the thousand or more other small companies affected by Canadian shipping and shipbuilding. What can be accomplished by Project Sales Ltd. can be accomplished to a greater or lesser degree by innumerable other small companies. The sum total returns of such activity can have a marked and beneficial effect on Canadian economy.

As we see it, the spark required to achieve these results is top government interest and intervention. The world-wide economic condition in the marine trade is well known. It is not the purpose of this Brief to discuss it. This can much better be done by other larger, more informed Canadian companies. Canadian shipping and shipbuilding, if it is to survive, must be Canadian government sponsored and Canadian government assisted. In a national emergency this becomes a requisite, but in a tranquil period we cannot expect the Royal Canadian Navy, Army and Air Force to sufficiently support Canada's marine industry with all of its ramifications. It seems to be more practical, sensible, and economical to sponsor and support a merchant marine which is at least partially self supporting.

The purpose of this Brief has been to show that properly handled and guided, public funds used in the assistance, subsidy, and direction of Canadian marine activity actually represents a re-circulation of money by Canadians and though Canadian companies. That small companies as well as large companies play a part in this reciprocal picture. That the effect of building or even operating one single ship affects the work and income of a greater number and wider variety of Canadian citizens than any other single item which at present comes under government assistance.

CONCLUSIONS and RECOMMENDATIONS

Since this company is, by its own submission, almost entirely dependent upon marine activity for its existence, its opinion is undoubtedly biased in respect to the importance of Canadian shipping and shipbuilding. This Brief can only conclude in good faith that without vigorous government intervention shipping and shipbuilding activity in Canada will stagnate to a point where it is non-existent or almost so. This is not only an unhappy situation, it is also a dangerous one. It is hoped and expected that the same conclusions with more complete and detailed substantiation will be submitted to the Commission by others. It is hoped and recommended that the same conclusions be accepted by the Commission. If this is done, this Brief might serve some further purpose in the following recommendations respectfully submitted.

If the Canadian government sponsors, assists or subsidizes Canadian shipbuilding and or Canadian shipping, the Canadian government then has a fair right to control and stipulate certain conditions in or arising out of such activity. This is not only good business but is self protection as well. Such control could easily come through purchasing operations such as now being done by the Department of Defence Production, or through a Canadian Maritime Commission or a combination of both.

Since,- apart from a national emergency,- the basic cause for government sponsorship and subsidy is an economic one, then control should be exerted in a direction which most benefits Canadian labor and Canadian business. There appears little point in subsidizing a Canadian Yard to build a ship and then have that ship operate under a foreign flag employing foreign labor. It is also pointless to subsidize a Canadian ship yard to build a ship when the main components are purchased outside the country, ie., engines from Denmark, boilers from Scotland, propellers from Germany, etc. On the other hand there is also little point in subsidizing the operation of a Canadian ship owner if he is allowed to go and purchase his ship abroad, away from Canadian labor, at lower foreign labor rates. As we see it, the two, ship buying and ship operating, are inter-connected once any part of the operations are assited by public funds.

Our first recommendation therefore is that under government assistance, top priority be given to Canadian ship yards, Canadian manufactured products, and Canadian suppliers.

In consideration of manufactured products used aboard ships, it can readily be appreciated that many of thse would not be of Canadian origin. There are many reasons for this. The design of one country may be ahead of another due to technological advances. Improvements in design are founded on years of experience which often foreign manufacturers have over Canadian manufacturers. Futhermore, the use of manufactured items in the modern ship has increased many times over what it was in the past. The present practice is for shipyards to generally avoid building such specialized items as main engines, boilers, motors, compressors, propellers and even such items as gangways, doors, hatches, scuttles and steering gear. It can be seen therefore that whether we like it or not, there will be sizable requirement from foreign manufacturers for equipment going into a Canadian subsidized, Canadian built ship.

Our second recommendation therefore is as follows. Where requirements exist for foreign manufactured goods, negotiations should be entered into with those manufacturers to have their product fabricated or assembled in Canada. They sould also be represented in Canada through an approved sales and service office. Priority in purchase should be extended to those manufacturers most willing to cooperate. Cost in this instance should be a factor, but only a secondary factor, since it is better to pay one humdred dollars in Canada for Canadian services than seventy-five dollars elsewhere when it remains totally out of the country. We are not speaking of tax-payers dollars.

Our third recommendation is that this policy of priority should not only be stipulated but it must be followed and controlled. It is not as difficults to put into effect as it may seem. The machinery

for doing it not only exists at present but has been successfully carrying it out for the Royal Canadian Navy. This is the Purchasing Section, Shipbuilding Division, of the Department of Defence Production. This is not a technical nor engineering group and should work hand in hand with the Canadian Maritime Commission.

There appears to be little in the shipping field which Canadian cannot achieve if given the chance. To give them that chance seems a sound business move on the part of the government. A few ships recently built in Canada were as modern as those built anywhere else. Shipping and shipbuilding is international, vital, and is definitely bound to national security. Its earnings and economic importance should continue to grow instead of decrease in these progressive times. It should not be allowed to cease as a Canadian industry due to economic reasons of foreign competition.

This Brief is respectfully submitted on behalf of Project Sales Ltd. per:

....

President Vice-President

Montreal, June 15, 1955.

Additional copies of this Brief may be obtained upon request.

Officers of this company will be pleased to appear individually or collectively before the Royal Commission on Coasting Trade should they be requested.

I - ALGOMA STEEL CORPORATION, LIMITED AND ITS INTEREST IN THE MATTERS BEFORE THE COMMISSION

Algoma Steel Corporation, Limited is a Canadian owned company engaged in the manufacture of pig iron, primary steel products, coke, and coal chemicals at Sault Ste. Marie, and through subsidiary companies in the mining of coal in West Virginia, the mining of iron ore in the Michipicoten District of Northern Ontario and in the production of pig iron at Port Colborne, Ontario.

It has in the parent company and subsidiaries about 8,500 employees. It is the main source of employment in Sault Ste. Marie and its average wages in common with other basic iron and steel producers are among the highest in Canada.

The company has an annual capacity of 1,240,000 net tons of steel ingots or 26.6% of Canada's total and with its subsidiary, Canadian Furnace Co. Limited at Port Colborne, Ontario, produces more than 75% of Canada's merchant pig iron. It is Canada's largest manufacturer of steel rails, structurals, sheet piling, forging billets, skelp for pipe, and hot and cold rolled strip under 25" wide.

It has always been an important direct supplier to the shipping industry of its bar and structural products and an indirect supplier through semi-finished steel for conversion into plates.

Through Algoma Ore Properties, Limited, a subsidiary company, it engages in iron ore mining in the Michipicoten area 8 miles from Lake Superior and 110 miles north of Sault Ste. Marie. Water shipments of Algoma Sinter, which is the trade name for the concentrated iron ore produced, are expected to exceed 1,100,000 gross tons this year with the main destinations Buffalo, Cleveland and Chicago on a rigidly scheduled basis.

In recent years Algoma Steel Corporation, Limited and its subsidiaries have made substantial additions to production facilities and diversified operations. Since January 1st, 1950, more than $83,000,000 of capital expenditures have been made on Algoma's properties mainly at Sault Ste. Marie and Michipicoten.

Because of its geographic location, this great enterprise is totally dependent on water transportation of its raw materials and many of its products. Without efficient inland lake shipping, carefully scheduled and in sufficient volume when and as required to fit into its operations, it could not exist.

The following tabulation shows the tonnage handled by Docks during the past two years and the estimated tonnage for 1955:

ALGOMA STEEL CORPORATION, LIMITED

MATERIAL RECEIVED

	1953		1954		1955	
	Quantity	Cargoes	Quantity	Cargoes	Quantity	Cargoes
Ore, N.T.	1,300,669	124	906,827	73	1,568,000	149
Coal, N.T.	1,520,115	138	926,302	84	1,595,000	145
Limestone, N.T.	417,356	34	222,638	20	549,920	45
Fuel Oil, I.G.	12,424,193	5	6,135,336	7	14,000,000	17
NO. OF CARGOES		301		184		356

SHIPMENTS

Steel, N.T.	41,442					
Steel, N.T.	41,442	14	87,368	28	160,000	67
Pig Iron, N.T.	282,376	47	207,529	34	250,000	41
Coal Chemicals, I.G.	4,036,367	7	2,743,476	5	6,340,000	12
NO. OF CARGOES		68		67		120

ALGOMA ORE PROPERTIES, LIMITED - MICHIPICOTEN

MATERIAL RECEIVED

[illegible]	1953		1954		1955	
	Quantity	Cargoes	Quantity	Cargoes	Quantity	Cargoes
Coke Braize, N.T.	8,659	1	15,833	2	28,000	4

SHIPMENTS

Algoma Sinter	775,451	89	824,406	80	1,288,000	125

CANADIAN FURNACE CO. LIMITED - PORT COLBORNE

MATERIAL RECEIVED

Ore, N.T.	177,157	14	77,490	7	250,000	24
Coke, N.T.	16,830	10	-	-	-	-
Limestone, N.T.	60,273	5	26,615	2	70,000	7
Sand, N.T.	2,158	1	-	-	-	-
Flue Dust, N.T.	18,845	2	5,186	1	4,220	1
Braize, N.T.	2,150	1	-	-	-	-
NO. OF CARGOES		33		10		32

SHIPMENTS

Pig Iron, N.T.	11,550	2	-	-	21,113	8

Of vital importance is that this year, 645 vessel cargoes will be required to handle Algoma's commerce in a 260-day average shipping season or 3 per day.

Although it is not an industry whose primary concern is shipbuilding or the coasting trade, it can be seen that Algoma's interest are so related with both these operations that it was decided that its point of view should be presented here. As a manufacturer situated in Northern Ontario some distance from the source of its raw materials and markets for its products, it is vitally interested in the continuance of a strong Canadian inland shipping service and its low freight rates. As a steel producer, it is concerned when any situation arises which may abolish a market for its products. As a Canadian taxpayer, it is alarmed by the prospect of the disappearance from the scene of an industry that shares with us the burden of taxation.

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II - CONSIDERATION OF ALGOMA'S INTEREST IN THE INLAND SHIPPING INDUSTRY

We presume that the technical aspects of the Canadian inland shipping industry will be presented fully in other briefs submitted to the Board and that questions of freight rates, operating costs, the effect of the St. Lawrence Seaway System, labour aspects, legal aspects and other relative material will be fully discussed therein.

We also presume that a strong case can be made to show that United Kingdom ships, if permitted to operate under existing laws after the Seaway is completed between Canadian lake ports, can do so at a considerably lower cost than Canadian ships with consequential weakening of the Canadian shipping position.

It is this last which concerns Algoma. The steel industry of Canada is an industry which is highly competitive not only among the Canadian basic steel producers, but with both overseas' and United States producers.

Ore carrying vessels coming into company docks must be scheduled carefully so as to coincide with ore unloading bridge availability as ore bridges are also used to service blast furnaces. Coal carrying vessels must be serviced by equipment which handles both coal from the ships to storage and coal from storage to ovens. These schedules have been carefully determined and are the result of years of mutual effort on both Canadian shipping companies' part and Algoma's. The unloading capacity for coal and ore is limited, and in recent years docks have been scheduled for months at a time on a very tight basis. Departure from schedules, delays and cancelled cargoes, etc. during peak seasons can mean loss of production for Algoma with high consequential costs and loss of profits.

That very close vessel control is necessary is demonstrated by the fact that many large integrated United States steel companies consider it desirable to own their vessels.

Canadian shipping has been brought to a point of reliability by heavy investment in recent years so that it can service the basic steel producers adequately.

With regard to iron and steel products, water shipments have grown steadily in the last few years. The assembly of steel in cargo lots of 2,400 to 5,000 tons requires careful planning and the cooperation of Lake carriers thoroughly familiar with our problems.

With regard to iron ore shipments from Michipicoten Harbour, this traffic for years has been handled by Canadian vessels, and the steamship line which carries this ore has been most alert to Algoma's needs, making additional vessel investment as the ore business has grown.

There is no single manufacturing business more dependent on transportation than the steel business generally, and Algoma's location on the St. Mary's River, 500 to 600 miles from most of its markets, makes this company especially dependent.

The quantity of materials moved both as raw materials and as products of Algoma Steel Corporation are inconceivable to the average manufacturer. In 1955 it is estimated that water movement alone will account for over two thousand million ton miles of vessel transportation in 645 cargoes.

Entry of United Kingdom ships of size comparable to those now in use into inland waters will immediately present an uncertain outlook to Canadian ship-owners who will hesitate to replace old vessels. As a result the efficiency of the Canadian fleet as a whole will be diminished and Algoma and other basic steel producers will inevitably suffer thereby.

* * *

III - CONSIDERATION OF ALGOMA'S INTEREST IN THE SHIPBUILDING INDUSTRY

Market for Iron and Steel

As a basic iron and steel producer our interest in the existence and preservation of a healthy shipbuilding industry in this country seems obvious. If the shipyards of a nation are booming it is a corollary that the steel mills must also be booming. The components that go into the building and repair of ships come from manufacturers such as Algoma.

In addition, since the shipbuilding industry is primarily an assembly industry, iron and steel products find their way to the shipyard indirectly in the form of boilers, turbines, deck machinery, castings, piping components and in fact, almost everything in a ship. As a result the shipbuilding industry is using the products of not only our plants but those of many and varied plants throughout the country. It is therefore an integral part of the economy and a good market for many industries. Such a situation is beneficial to the nation as a whole. It is a guarantee of employment for many people. It helps pay the nation's taxes. It lends to stability in the nation's economy.

Because of its low cost economy, Britain is able to make ships for Canadian owners at a great deal less cost than any Canadian shipyard and is doing so. If Canadian ships are being built in Britain then quite naturally their components will be purchased in Britain and a market for our iron and steel will disappear as well as the market for all the ancillary producers of materials that go into the making of a ship.

Effect on the Nation

Our main concern as a primary iron and steel producer is the loss of a potentially valuable market for our products. If ships are not going to be built in Canada then they will be built in Britain or other foreign yards. It will be the steel and other industries of these countries which will profit by the boom in their shipyards. Loss of steel business to shipyards alone may not have a great effect on the national economy. It is the aggregate sum of the loss of industry which will affect the national economy. Those companies now producing materials for ships will be compelled to find other outlets or shut down. If this be the case, it will not be only those in the shipyards who will be looking for work but others too. Those unemployed will either have to find other jobs or be supported, and jobs are not always available for those who want them. Both corporate and individual taxpayers would be removed and their purchasing power lost altogether or severely restricted.

If our ships are forced off the waters and our shipyards closed, we would be entirely dependent upon other countries to transport our goods by water. We ourselves would have neither shipping nor facilities to make ships. All the years of organization and

training in building fleets would be wasted. The specialists would have gone to other jobs or forgotten their skills. The machinery would be gone and in the event we ever were required to build ships again, we would have to start from the beginning.

In these uneasy times for any country to put itself in such a position is preposterous. If we were to be engaged in a war then it is a certainty that Britain would also be engaged therein. British ships would be called to other duties and we would be left to our own devices. The great industries on the Lakes would be unable to deliver their goods where and when needed. A major lesson should have been learned by all in the last war when the Lake fleet did such yeoman service for the allied cause. Without it the steel companies could not have produced the enormous tonnages which contributed so much to victory. Although no one wants a war to come, everyone realizes the necessity of being prepared. No factor is more important in preparedness than a trained and progressive merchant fleet and an up-to-date shipbuilding industry. This is not a time to gamble on our security and we suggest that we might be doing just that unless steps are taken to protect our shipping.

* * *

SUMMARY OF RECOMMENDATIONS

In concluding this brief we urge the Commission to recommend to the Government of Canada to take measures to protect the shipping industry in this country. Insofar as this Company is concerned the existence of a healthy shipping industry is necessary for the following reasons:

1. Because of the vast amount of material shipped by this company and the limited time for shipping, a rigid schedule has been worked out and adhered to by this company and the present Lake Fleet. This is the result of years of mutual effort. Due to the high competition factor in the steel industry any disruption of this service could have a drastic effect on our business.

2. The shipbuilding industry is a user of our products both directly and indirectly. It is a good market for this industry and many related industries throughout the country. If ships are no longer built in Canada then the effect would be felt by us and might cause some smaller industries to shut down, thereby causing unemployment and increasing the burden of taxation.

3. It is vital to a country such as Canada that a shipping industry exist. It would be a waste of years of organization and training if it were to disappear. It would leave us in an inexcuseably vulnerable position in the event of another war, and it would be extremely difficult if not impossible to rebuild this industry in the event that another war should come.

4. Our shipping program in any emergency would depend upon a foreign fleet whose first call to duty would be to another country. We could conceivably find ourselves with no shipping to carry our products. Such a contingency would be fatal to an industry such as ours.

SUBMISSION TO THE

ROYAL COMMISSION ON COASTAL TRADE

The National Council of Shipyard Unions believes that Canadian policy on Coastal Shipping must be based on two related principles:

1) Canada must have an integrated East-West transportation system controlled and run by Canadians.

2) Government policy must be directed to the further development and industrialization of Canada.

The Rowell-Sirois report bears vivid testimony to the fact that our country was originally set up to accomplish precisely the objectives set out in our two principles. Further, that report makes it clear that a major function of central governments in Canada, both before and after Confederation, has always been the carrying out of those principles.

> (For the Canadas)..."the St. Lawrence water system was not so much a political boundary as a great highway leading into the heart of the continent. From the beginning, the Canadians had dreamed of a future when a trade of continental proportions would pour along their highway." (Report of the Royal Commission on Dominion Provincial Relations Book I. Canada 1867-1939, p. 19)
>
> "At the same time, the vision of transcontinental expansion had begun to have some attraction for the Maritimes. They were suffering from the loss of their protected markets and the new techniques of the industrial revolution were disturbing their habitual pursuits. Steam-driven vessels were overhauling the famous clipper ships and cutting into the carrying trade of the Maritimes. These circumstances led them to consider seriously the possibility of closer relations with Canada. Here again it was the railway which brought this possibility within the realm of the practical. New Brunswick and Nova Scotia had strained their public finances to build railways which were as yet incomplete. But the completion of the Intercolonial would, it was thought by many, bring the commerce of Canada into the ice-free ports of Halifax and Saint John. With a little optimism they could see the trade of a transcontinental British North America canalized in the same way. And for the Maritimes too, the growing belligerence of the United States darkened the horizon, and intensified the Maritimes' recognition of their own inability to protect the fisheries."(Ibid, p. 21).
>
> " If they (the Maritimes) were not alert to the threat of the steamship, they were becoming very much alive to the promise of the railways. It was seen that railways would improve their communications and open up their own hinterland for

development. Many were confident that railways would open markets for coal, fish and manufactures in the Canada and draw the expanding commerce of the interior to their seaports. The coal interests of Cape Breton, for example, were strong supporters of the Confederation scheme. For almost the first time, the Maritimes began to feel the pull of the continent behind them." (Ibid, p. 24).

" Upper and Lower Canada, although divided by cultural and sectional cleavages, had never been intended by nature to form separate economic systems. The St. Lawrence, with its access to the sea and its ingress to the continent, was bound to unify its drainage basin economically. There are, therefore, better reasons than the political union of 1841 for discussing the pre-Confederation Canada as an economic entity.

The St. Lawrence basin contained a considerable area of fertile land lying south of the Laurentian plateau. This available land had been largely filled with settlers in the years before Confederation. Along with this rapid agricultural development had come a flourishing pioneer industry, laying the foundations for a diversified economy of modest yet substantial proportions. Under the conditions of the time, it was naturally becoming a community of settlements, devoted to internal trade and commercial intercourse with the United States.

At the same time, there was an aggressive and ambitious commercial group in Montreal, supported in the later part of the period by the growing commercial interest in Upper Canada, which thought of the St. Lawrence as primarily a trade route and which had vigorously endeavoured to have the whole political and economic structure accomodated to that conception. From the days of the fur trade, the commercial group in Canada had seen the St. Lawrence as an integral part of the old British commercial system and had striven to make the trade of a continent flow through their hands instead of through New York. Successive colonial governements had been inspired by this dream with the result that government policy and public finance had been harnessed to the grandiose conception of the St. Lawrence as a trade route. In ambitious but always futile efforts to realize this great plan, the Province had accumulated a set of public works and a crushing public debt, both too massive for an economy limited by its own boundaries." (Ibid, p. 25).

" Isolated as were the colonies from one another, the Maritime colonies and the colony of Canada were brought together by certain common characteristics in their external relations and the effects of technological changes on their economies. All had been deeply affected by the radical change in imperial commercial policy; all had turned hopefully to the United States and had established profitable but precarious relations; all were deeply alarmed at the prospect that these might be rudely terminated. The

impact of the steamship, the railway and the industrial revolution had affected them all profoundly, if variously. The new means of transportation made possible a union of continental proportions in which all hoped to find escape from existing difficulties and stimulus for renewed expansion and prosperity." (Ibid, p. 29).

Under the heading "The Nature of Confederation" and the sub-heading "Principal Objectives" the Royal Commission on Dominion-Provincial Relations had the following to say:

"Confederation was conceived as the solution for a number of political and economic difficulties and, therefore, had both political and economic aims. Politically, it was designed to establish a new nation to meet the changed conditions of British policy and to brace the scatted provinces against possible American aggression. Economically, it was intended to foster a national economy which would relieve dependence upon a few industries and lessen exposure to the effects of the economic policies pursued by the United States and Great Britain.

Political union was expected to promote strength as against the external world. The triumphant Northern States appeared a threat to territorial integrity. Other interests needed protection too. Nova Scotia felt her deep-sea fishery interests threatened, and the special institutions and culture of Lower Canada would not long have survived absorption of the colonies by the United States. Political union was designed to defend navigation rights on the St. Lawrence and its canals, and fishing rights at sea. A single united authority could use both these and access to its extended internal market as bargaining counters for advantages in international trade." (Ibid, p. 29).

"Economically, the first objectives of Confederation were to establish a free-trade area comprising the five old provinces and to develop inter-provincial transportation facilities. The resources and industries of the several provinces, it was thought, would prove complementary to each other, and would increase prosperity and self-sufficiency. To make this a reality, the Inter-colonial Railway was to link the Maritime Provinces with the St. Lawrence Valley and to give Canada winter access to the sea." (Ibid, p. 30).

Similarly, the responsibility of Government was set out as follows:

"Pioneer communities in North America were always hampered in reali ing their dreams of progress by the tremendous difficulties of transport and communications. The scarcity of capital and the scattered nature of settlement added to the difficulties. As a result, the task of securing the provision of community equipment such as canals, harbours, roads,

bridges and railways was saddled on government. Of all the agencies of the community, it had the broadest command of means. Until this equipment was provided, development was slow and individuals could not reap the rich promise of a new country. The colonial interpretation of laissez faire did not forbid strenuous government activity for developmental purposes. The State was required, by general consenses, to help people to help themselves." (Ibid, p. 37).

"In the future, the Federal Government was to provide for defence and have jurisdiction over interprovincial communications. It was required to build the Inter-colonial Railway; expected to deepen and improve the canal system of the St. Lawrence; pledged to open up communication with the West; in short, it was to take the major responsibility for national security and national development. The transfer of these costly functions would greatly reduce the burdens on the provincial governments." (Ibid, p. 41).

This Council believes that Canada is now at a crossroad similar to that faced by the fathers of Confederation. We believe that with the realization of a St. Lawrence deep waterway, we face the alternatives faced at the time of Confederation: - independent and rapid economic development or stagnation and eventual integration with the United States. We stand firmly for the first alternative.

The accomplishment of this objective today requires the limitation of coastal shipping, on both sea coasts, the St. Lawrence and the Great Lakes to ships owned, built, repaired and registered in Canada.

Let us see what the Rowell-Sirois Commission had to say on the similar problem facing the Dominion of Canada in its early days:

"The decision to build the railway entirely through Canadian territory was of fundamental significance. Before Confederation, the colonies had been faced with two broad alternatives. One was to be drawn into the economic orbit, and probably also into the political system, of the United States. This would have led to integration, in each area according to its particular characteristics, with the common neighbour. The economic development of each region would have been determined by the relationships it managed to establish with the country to the south. On the eve of Confederation, it seemed that the price of such relationships would not be less than political assimilation. This consideration terned the colonies to the other alternative which was to ensure political independence through a union of their own and to seek strength and prosperity by a national economic integration based on an expanding inter-regional trade. The pull to the south was strong. The establishment of an east-west integration would require bold and far-sighted policies of national development.

> The first of these policies was to provide east-west channels of trade independent of the United States by building a transcontinental railway wholly over Canadian territory. Such a railway would open the underdeveloped lands of the West for settlement and fix the political and economic destiny of the area. But the construction of such a line over empty distances and forbidding mountains could not be undertaken without extensive public assistance. This fact pointed to the second policy which was indeed an essential complement of the first. The public lands of the Northwest were to be used by the Dominion to promote railway expansion and rapid settlement. Land grants would provide the greater part of the public assistance required by the railways. The railways in turn, would make the lands valuable and a free homestead system would attract a rush of settlers. The decisions to build an all-Canadian railway and to establish a vigorous Dominion land policy were basic national decisions which, together with the adoption of the protective tariff which was soon to follow, fixed the pattern of subsequent economic development in the Dominion." (Ibid, p. 48).

We wholeheartedly agree with the sentiments expressed by Sir Wilfrid Laurier in the House of Commons in 1903:

> "...We consider that it is the duty of all those who sit within these walls by the will of the people, to provide immediate means whereby the products of those new settlers may find an exit to the ocean at the least possible cost, and whereby, likewise, a market may be found in this new region for those who toil in the forests, in the fields, in the mines, in the shops of the older provinces. Such is our duty; it is immediate and imperative.... Heaven grant that it be not already too late; Heaven grant that whilst we tarry and dispute, the trade of Canada is not deviated to other channels, and that an ever vigilant competitor does not take to himself the trade that properly belongs to those who acknowledge Canada as their native or their adopted land." (Debates, House of Commons, 1903, pp. 7659-60.)

The opening of the St. Lawrence Seaway will add a vital link in Canada's cheap transportation network. The lessons of the past must be learned: There must be an integrated transportation policy covering all forms of transportation in Canada. This is impossible unless Canada has a coastal shipping fleet built, owned and operated by Canadians and subject to the laws and will of the Canadian people.

> "The largest item in the expenditures of Canadian governments is that of transportation and development. Including current expenditures and net interest paid on debt incurred for these purposes, they account for nearly one-third of all government expenditures - a proportion that has scarcely varied since Confederation. The

relative freedom from the burden of national defence, the geography of the country, and the extensive natural resources which could only be made available by the provision of extensive transportation facilities, have encouraged governmental promotion of economic expansion on a scale which is unique in capitalist countries. From the earliest days of responsible government the main objective of public policy has been the provision of transportation facilities and other public works which would stimulate the economic development of the country. The united Canadas strained their resources to construct canals and trunk railways in an effort to establish a commercial empire on the St. Lawrence. The Fathers of Confederation assigned to the new Federal Government the expensive task of uniting the colonies scattered across the northern half of the continent with railways, improved waterways and harbours. These projects were carried through at public expense or with public assistance to hasten the settlement of the empty spaces, to bring new resources into production, and to improve the inter-relationships between the various regions. More recently hundreds of millions have been spent on the construction of highways." (Ibid, p. 206).

"... The major portion of these costs had to be met, in one form or another, if the Canadian economy was to be developed and a Canadian nation built; but the necessary burden has been increased to a substantial extent by misdirection of investment. In the past this took the form of unnecessary duplication of railway facilities; today it is being increased on an even larger scale in the form of duplication of, and lack of co-ordination between, all the modern agencies of transportation - railways, highways, waterways and airways. The lack of co-ordination, even more than direct competition, is a cost and a waste which Canada cannot afford today, and as discussed in Book II the problem is seriously aggravated by the existing division of jurisdiction and lack of unified financial responsibility. The rise of the automobile as an effective competitor in the most lucrative branches of short-haul revenue traffic has had far-reaching effects on the present position and outlook of railway finances (in which the Dominion Government is heavily involved); on the railway rate structure which evolved under very different operating and competitive conditions (and which subsidized the movement of low-grade, bulk freight at the expense of more valuable freight that is now being diverted to cheaper and more convenient channels); and on regional economies and vested interests of capital and labour which depend on the maintenance of existing transportation rates and differentials. In a country where cheap and efficient transportation is of such basic importance as in Canada, and where governments are already so very heavily involved, the rise of new agencies of transportation and major alterations in competitive conditions have profound effects on public finances. Although a great deal of study has been given in Canada to the railway problem and particular-

> ly to the relations between the two big systems, relatively little attention has been given to the much broader problem of co-ordination of all agencies of transportation." (Ibid, p. 207, Emphasis added).

We have quoted extensively from the Rowell-Sirois report to emphasize that the problem at hand is essentially a problem of nation building. Throughout the recommendations of the Commission we find repeated emphasis on the necessity of planning and co-ordinating our transportation network in the national interest.

We would stress that a continuation of present Canadian policies on shipping, both coastal and foreign, will produce the following results:

The Seaway will become essentially a cheap way of - a) facilitating the digging up of Canadian iron ore for shipment to the United States mills, - b) providing a highway for the benefit of foreign shipping to pick up bulk cargoes, such as wheat, in Canada, thus depriving Canadian Great Lakes seamen and railwaymen of their livelihoods. In the process, of course, Canada's railway debt problem will be further aggravated. Only a Canadian built, owned and operated merchant fleet can be integrated with our railways and highways to produce an up-to-date and efficient transportation network that will advance our national interests.

Whereas, our proposals could permit us to use the cheap power and transportation of the seaway to develop first class modern electro-chemical, electro-metallurgical, iron and steel and other manufacturing industries with a world market, present policies will encourage other countries with subsidized merchant fleets to lay down their manufactures in Canada with minumal transportation costs, destroying Canadian industry with a weapon built and paid for by their victims.

The opening of the Seaway changes the whole nature of Canada's shipping problem and makes nonsense of any attempt to separate deep-sea and coastal shipping. It is intolerable to hand over to other countries Canada's vital links with her overseas markets: it would be a betrayal of Canada's history and national interest and veritable suicide to hand over our internal lifeline to others.

Already, press reports indicate that foreign countries are planning to take all possible advantage of the Seaway development. Thus, the Montreal Star (June 27, 1955) reports:-

> "...Some of this data makes Montreal industrialists happy - and some makes them nervous, particularly when they acknowledge that large ocean-going freighters are being designed in Europe and in the U.S. to make the long haul to and from Europe with cargoes that would by-pass Montreal.

European and American plans to dominate Seaway traffic are not mythical, European shipyards are not merely planning seaway vessels - they are building and launching them. European and American firms already have many vessels ableto use 27-foot channels.

Some examples: the Holland America Line of The Netherlands is turning out 7,200-ton "Seaway" ships, Germany is building three special seaway vessels; Norwegian Lines are expanding and the Fjell Line is building 7,200-ton, 26 foot draft vessels, a half-dozen French firms are in the race.

Most shipping firms are thinking along these lines; large ships can carry cargoes more economically than small ones - their payloads are larger with a relatively minor crew increase; secondly, since only seven locks will be negotiated, instead of the present 20, cargoes will move a full day faster on the seaway than on the river system; and - as far as Canada is concerned - the 120 freighters that can negotiate the canals now will not be able to compete efficiently. They are too small, slow and old."

Up to now, foreign ships have been handling Canada's overseas trade, with no purely Canadian ship left in regular overseas trade. But, at least our internal trade around our industrial heartland on the St. Lawrence and the Great Lakes remained to some extent in Canadian hands. (In an appendix attached to this submission, we set forth some facts regarding ships at present engaged in Canada's coasting trade).

Already, in recent years, British, and other foreign shippers have been sending ships through the St. Lawrence canals. Some of these are especially designed to trade between North American and other ports. Others stay on the Lakes during the shipping season and then move out. The Seaway will aggravate the problems created by both phenomena.

The first situation is not a problem of coastal shipping narrowly concieved. But clearly this kind of trade means the destruction of Canadian control over her internal transportation network. There is little possibility that Canada will derive full benefit from the Seaway if it is serviced by foreign ships.

There is a feeling in the Lake ports that free access to the Seaway is needed for full benefit to be derived. It is our opinion that those Lake port interests are mistaken. They ignore the fact that shipping services have in the past and will in the future serve as weapons of economic warfare. Unless there is a Canadian Marchant Marine, many Canadian products will not be economically transported to overseas markets and many industries which the Seaway & Power Project make possible, will never develop.

The second phenomenon, trading on the Lakes all summer, can be either coastal of international shipping. Clearly ships can ply between Canadian ports exclusively or between Canadian and U.S. ports. Again the Seaway will aggravate the problem, possibly expanding the scope of these practices to the linking of Atlantic and even Pacific coast ports with those on the Lakes.

In view of these facts, we propose the imposition of differencial rates on the use of the Seaway canals. Perhaps U.S. and Canadian ships could use them free of charge while others paid tolls. At the same time precautions must be taken to assure that Canada does not hand this trade over to U.S. shipping interests.

Already we find that under existing laws it is possible for U.S. interests to dispose of their obsolete tonnage in Canada - by paying a small customs duty. Continuation of this practice can only work to the deterioration of our transport system and restrict the benefits the Seaway can bring.

Since argument will be made against discrimination in international trade we would point out that our Government already uses, and cannot help use, such weapons when Canada's essential interests are at stake.

1) The logical extension of the free-trade "no discrimination" argument is the destruction of Canadian industry through the removal of protective tariffs. This, of course, is not being done and will not be done.

2) The Canadian Government has already shown that it can defend Canada's essential interests when it refused to allow the Government of B.C. to give away her water power resources.

To hand over to alien hands the servicing of our internal waterways is to betray our history, to give up our heritage and throw away our hopes for a wealthy and prosperous Canada. Instead of using our boundless resources of water, land mine and forest to become an industrial nation of the first rank it will mean that Canadians are financing the Seaway so that others can come to Canada to dig her up and ship her out for their enrichment. Such a betrayal of the national interest must not take place.

The usual answers to the kind of proposals being made by this Council are of the "free trade" variety. If we lived in an utopia without any military or economic warfare, Canada might entrust the carriage of her trade to the lowest cost operators. Before the war, Canadian exporters and importers were largely dependent on British and foreign shipowners to provide sea transportation. These had no particular interest in Canada or Canadian trade, and were naturally willing to send their ships to U.S. ports or anywhere else, rather than to Canada, if profitable cargoes were available. In the kind of world we live in, Canadian trade cannot afford to take such risks, A strong merchant marine is a necessity to give

continuity of shipping services, to provide our traders with the best quality of freight service and to protect our trade from discrimination and high levels in ocean freight charges. A few examples will show that we have not simply set up a hypothetical case:

Shipping combines have frequently imposed exorbitant freight rates on Canadian exporters. The greed of these cartels in the industry has often artifically checked the sale of Canadian products overseas. A striking example of this between the two world wars may be noted in the following quotation from a Dominion Government report (Preston Report).

> "By a comparison between the rates charged by the combine for the transportation of goods from German ports to different ports of the world and particularly New York, with the rates charged on Canadian products, it is clearly established that, although the distance is shorter between Montreal and Liverpool (2,760 miles), than between Hamburg and New York (3,577 miles), the freight rate on Canadian exports is two and three times greater than the combine rates between Hamburg and the United States ports".

The Canadian Government made a complaint on a very similar practice to the Imperial Shipping Committee in 1924. In that case the complaint was that Canadian Atlantic ports were being discriminated against in marine insurance rates.

In 1925 the Imperial Shipping Committee found that Canadian ports, in relation to American Atlantic ports, were in a poor competitive position because of marine insurance rates. For example: rates on general cargo carried to the U.K. in vessels classed as "100 A. 1." were as follows:

New York, Boston, Portland	- 12½¢	per $100
Halifax, St. John	- 20¢	" "
Quebec	- 22½¢	" "
Montreal	- 25¢	" "

The Committee also found that the rates quoted for Quebec and Montreal were available only until October 15th, from which date higher rates were enforced.

Again we find the clear possibility of discriminatory action detrimental to the development of Canada. Strong Government action in support of Canadian shipping of all kinds is required, as always in the past to develop Canada's transport network and economy as a whole.

Finally, shipping agents, brokers and freight forwarders are packing up shop in Canada so Canadian products must be handled by their counterparts in the U.S. These latter naturally tend to route cargoes through U.S. ports, to the direct detriment of Canadian ports, railways and working people. Clearly, it is a short step to favoring the shipping of United States goods in preference to Canadian goods wherever there is a choice.

It would seem clear that only strong Government backing to our coastal and deep-sea shipping can prevent or render harmless this kind of economic warfare against Canada. As the late President Franklin D. Roosevelt said with regard to the U.S.:-

> "I present to the Congress the question of whether or not the United States should have an adequate Merchant Marine."
>
> "To me, there are three reasons for answering this question in the affermative. The first is that in time of peace subsidies granted by other nations, shipping combines, and other restrictive or rebating methods may well be used to the detriment of American shippers. The maintenance of fair competition alone calls for American-flag ships of sufficient tonnage to carry a reasonable portion of our foreign commerce."
>
> "Second, in the event of a major war in which the United States is not involved, our commerce, in the absence of an adequate American Merchant Marine, might find itself seriously crippled because of its inability to secure bottoms for neutral peaceful foreign trade."
>
> "Third, in the event of a war in which the United States itself might be engaged, American-flag ships are obviously needed not only for navy auxiliaries but also for the maintenance of reasonable and necessary commercial intercourse with other nations. We should remember lessons learned in last war."

It has often been suggested that Canada should encourage the use of British and foreign vessels in Canadian trade in order to provide dollars to those countries with which they could buy Canadian goods. We consider this whole approach to be basically unsound.

The maintenance of a healthy Merchant Marine should not be confused with the problems of means of payment. If it is necessary for Canada to help foreign countries in order to maintain our exports, this should be done directly through loans, credits, etc., instead of indirectly at the expense of the Merchant Marine (for example: recent Government guaranteed loan for sale of wheat to Poland), more especially as the latter course represents a direct threat to Canada's position as a large and expanding trading and manufacturing nation.

There are great many other points that can and should be made in a presentation of this kind. We shall not enter into these in detail here because we know they are being dealt with in other briefs. At the same time we should like to associate ourselves with those who demand the restriction of coasting to vessels built, owned and registered in Canada on the grounds that

a) Most countries in the world whose position is comparable to Canada's impose such or similar restrictions.

b) A good part of the additional cost to Canadian would return to Canada by way of higher levels of employment, taxation, industrialization and a more balanced economy.

c) Given a long range policy Canadian shipbuilding costs need not be out of line competitively. In any case, the question of costs is essentially a matter of Government policy. Since shipbuilding is subsidized in most other countries but not in Canada, it is misleading to compare the cost of Canadian-built ships with the cost of those built in other countries without taking into account the effect of subsidies.

d) The vessels themselves as well as the shipbuilding facilities and skilled workers are a vital national defence asset.

We state these points only in outline in order to emphasize that our position is based primarly on the demands for the development and advance of our country. We stand today at a crossroad; we must take that turn that leads to advance, to prosperity and a greater Canada.

APPENDIX X

Date regarding Ships at present engaged in Canada's Coasting Trade

At present, under provisions of the Canada Shipping Act and the British Commonwealth Merchant Shipping Agreement of 1931, Canada's coastal trade is open to ships built and registered within the British Commonwealth. Ships built outside the Commonwealth, but having Commonwealth registry, may also engage in the Coastal trade on payment of a 25% ad valorem duty on the market value of the ship.

These measures were supposedly intended to give all ships built and registered in the British Commonwealth an opportunity of coastal trading in every Commonwealth country. However, so far as Canada is concerned, they have not resulted to any extent in participation of Canadian vessels in the coasting trade of other countries. They have resulted only in considerable participation by British-built ships in Canada's coastal trade.

The D.B.S. Shipping Report (Section III) for the year ended Dec. 31, 1953, shows that in that year vessels of United Kingdom registry carried 1,754,427 tons, or 5.4%, of the total amount of coastwise cargo unloaded in Canada. They carried 1,817,845 tons, or 6.4% of the total amount of coastwise cargo loaded. (These figures cover only ports where there is a collector of customs and excise; they exclude the numerous small ports across the country which do not have a resident customs collector).

Moreover, there are many British-built ships on Canadian registry which can engage in the coasting trade.

An analysis of the vessels on Canadian registry at December 31, 1953, shows that there were 402 vessels of 1000 tons and over with a total gross tonnage of 1.4 million tons. Of these, 228 ships with a total gross tonnage of about 670,000 tons were built elsewhere than in Canada. Thus, foreign-built ships represented 57% of the total number of ships 1000 tons and over on Canadian registry, and 47% of the gross tonnage of this group.

Of course, these ships are not engaged exclusively in the coasting trade. Nor does the group 1000 tons and over include all the ships engaged in coasting trade. We have chosen the 1000-tons-and-over group merely for convenience in analysis.

However, as has been stated in our submission, the problems of coastal and foreign shipping cannot be separated. Not can these problems be separated from the problems of the shipbuilding industry, which is obviously seriously affected by the use of foreign-built ships by Canadian shipping interests.

Thus, N. M. Paterson and Sons Ltd., of Fort William owns 23 foreign-built ships of 1000 tons and over - 13 built in the United States and 10 built in Britain.

Canada Steamship Lines Ltd. owns 22 foreign-built ships of 1000 tons and over - 15 built in Britain, 2 in Ireland and 5 in the United States. In view of this, it is surprising - to say the least - to read the following in a recent Canada Steamship Lines advertisement:-

> "Through the years the great waterway of the Lakes has been a major influence in our national development. It promises to be even more important in the future. The present ships that sail upon it - built, owned, officered and manned by Canadians: - are an essential part of continuing Canadian progress." (Gazette, June 7, 1955. Emphasis in the original).

Colonial Steamships Ltd. owns 21 foreign-built ships of 1000 tons and over - 15 built in Britain, 2 in Ireland and 4 in the United States.

Upper Lakes and St. Lawrence Transportation Co. Ltd. has 15 foreign-built ships of 1000 tons and over - 9 built in Britain and 6 in the United States.

The Canadian Pacific Railway Company has 12 foreign-built ships of 1000 tons and over on Canadian registry - 11 built in Britain and one in Germany. Some of these are very recent purchases. Thus, the Company's purchases from British Shipyards since the end of World War II include 5 for the B.C. coastal service (2 in 1948, 1 in 1949, 1 in 1951 and the recently delivered Princess of Vancouver) and 1 for the Newfoundland service. (The C.P.R. figures, of course, exclude the Company's ocean-going vessels which are on British registry.)

APPENDIX II

Ships being built in Britain for Canadian Owners

At the present time - a time when Canadian Shipyards are badly in need of orders - a total of 7 ships are being built in Britain for Canadian owners. These are:-

A 3000 - ton deadweight pulpwood carrier for Quebec and Ontario Transportation Co. Ltd. (This company already has 9 foreign-built ships, including the Baie Comeau which was built in Britain last year).

A 3000 - ton deadweight cargo ship for N.M. Paterson and Sons Ltd. (This Company already has 23 foreign-built ships - see above).

A 7,500 - ton deadweight Newsprint carrier for Bowaters Newfoundland Pulp and Paper Mills Ltd. (This Company recently took delivery of a ship from Britain and is reported to be planning to build another 3 in British yards.)

Two Ocean-liners for the Canadian Pacific Railway Company - The Empress of Britain and Empress of England.

Two Ships for the Canadian National Steamships.

It must, surely, be considered as particularly scandalous that a Government-owned Company, which has had many of its ships built in Canada in the past, should now be turning to British yards for its ships.

IRON ORE COMPANY OF CANADA

Iron Ore Company of Canada respectfully submits that the coasting laws of Canada should remain as they are at present.

The following facts and reasons are advanced in support of the aforesaid submission.

Iron Ore Company of Canada (hereinafter called "the company") - a Delaware corporation which is licensed to carry on business in Canada and in the Province of Quebec and Newfoundland, was organized by Canadian and United States interests for the purpose of developing the large deposits of iron ore located in New Quebec and Labrador situated in the concession areas sub-let from two concession companies, Hollinger North Shore Exploration Company Limited, incorporated under the Quebec Mining Companies Act, and Labrador Mining and Exploration Company Limited, incorporated under the Companies Act of Newfoundland.

The operations of the company in Canada consist primarily of exploring for, developing, mining, transporting, shipping and selling iron ore. In connection with its said activities, among other things, it has acquired properties, opened and equipped mines, constructed electric power generating stations, terminal facilities and a railroad, all of which required the investment of large sums of money. Further large sums will be needed as the operations of the company expand.

It will be appreciated that adequate shipping facilities by water from its terminal at Seven Islands are essential. The present programme of the company is to produce and ship approximately Ten million tons of ore per year. It is expected that the concession companies will also produce and ship One to Two million tons per year. Total production and shipments from the Quebec-Labrador field, as presently contemplated, are expected to approximate Eleven to Twelve million tons per year.

The company has just completed the construction of a dock at Contrecoeur which it is estimated will be able to and will handle approximately Two million tons of ore per year. The present plan is that such ore will move by water from Seven Islands to Contrecoeur in large ore carriers, there to be transshipped in smaller boats capable of passing through the existing St.Lawrence River canal system. Approximately One million tons will be moved in this manner this year.

The above programme was decided upon in 1953 when it was also realized that the company could not depend upon year-to-year chartering to move the ore over the said route in the quantities mentioned and it was therefore constrained to make firm contracts with shipping companies to ensure that the ore would move each year.

An agreement was entered into in April 1954 between the company, as agents for the various partners who own and operate it, and eight Canadian shipping companies, for the movement of the ore from Contrecoeur into Lake Ontario and Lake Erie Ports. The agreement runs from 1955 to the end of December 1964 and covers shipments in a minimum of 1,300,000 tons and a maximum of 2,000,000 tons per year. The eight Canadian shipping companies aforementioned are - Canada Steamship Lines Limited; Colonial Steamships Limited; Hall Corporation of Canada; Keystone Transports Ltd; N.M. Paterson & Sons Limited; Mohawk Navigation Co. Ltd; Beaconsfield Steamships Ltd. and Upper Lakes and St.Lawrence Transportation Company Limited.

In November, 1954, a further agreement for the movement of ore from Seven Islands to Contrecoeur was entered into with the Scandinavian Ore Tankers Inc., a Swedish corporation. As this agreement relates to a movement which is strictly inter-coastal the agreement provides that ships of British registry be used. The agreement covers the period from 1954 to the end of 1961 but can be terminated when the St.Lawrence Seaway is completed. It is evident that any change in the law which would prohibit the use of ships of British registry in such circumstances would be extremely unfair to the parties to the agreement who entered into it in good faith on the basis of existing laws.

In the light of the foregoing the company submits that the operation of the agreement last mentioned, and that made with the eight Canadian shipping companies referred to above, which were entered into in good faith for valuable consideration, on the basis of existing laws, should not be disturbed and that, therefore, the coasting laws of Canada should remain as they are to-day and the Commissioners are hereby respectfully requested, in their report to the Governor in Council, so to recommend.

The company desires to call witnesses in support of its present submission and requests an opportunity to do so at such convenient time and place as the Commissioners may indicate, preferably either at the City of Ottawa or at the City of Montreal.

THE WHOLE RESPECTFULLY SUBMITTED.

Dated at Montreal, the 30th of June, 1955.

IRON ORE COMPANY OF CANADA

By: HUGH O'DONNELL

its Counsel herein.

IRON ORE TRANSPORT COMPANY LIMITED

Iron Ore Transport Company Limited respectfully submits that the coasting laws of Canada should remain as they are at present.

Iron Ore Transport Company Limited (hereinafter called "the company" is a Canadian corporation owned by Hanna Coal & Ore Corporation, National Steel Corporation, Youngstown Sheet & Tube Company, Armco Steel Corporation and Wheeling Steel Corporation, being certain of the partners engaged in mining and selling, through the intermediary of Iron Ore Company of Canada of which they are shareholders, iron ore from large deposits located in New Quebec and Labrador.

The company was formed for the purpose of acquiring and operating ships to assist in the transportation from Seven Islands to Atlantic Ports and to Contrecoeur of iron ore so mined. Two 31,000 ton ore ships are now being built for the company in the United Kingdom under contracts awarded in 1951. These ships are primarily designed for the carriage of ore from Seven Islands to Atlantic Ports. It has however, been considered that it might be necessary from time to time to use the said ships in carrying ore belonging to the shareholders of the company and those associated with them in the New Quebec-Labrador venture, from Seven Islands to Contrecoeur.

The Iron Ore Company of Canada has contracted with other carriers for the transportation of a maximum of 1,400,000 tons per year. It is anticipated that the carriage by water of some 600,000 tons of ore per year will have to be chartered from year to year and it is for this purpose that the two Britishbuilt ships aforementioned sould be used. The said ships are not designed to pass through the St.Lawrence Seaway but they are capable of operation on an economic basis when carrying loads of iron ore from Seven Islands to Contrecoeur. It is anticipated that their use will be restricted to the carriage of iron ore belonging to the owners and those interested with them as partners and associates in the operation of the Iron Ore Company of Canada: they will not be engaged generally in the coasting trade on a common carrier basis.

The company submits that the contracts for the construction and acquisition

of the two ore ships above mentioned were entered into in good faith for valuable consideration on the basis of existing laws which should not be disturbed in a manner detrimental to it and that, therefore, the coasting laws of Canada should remain as they are to-day and the Commissioners are hereby respectfully requested, in their report to the Governor in Council so to recommend.

The company desires to call witnesses in support of its present submission and requests an opportunity to do so at such convenient time and place as the Commissioners may indicate, preferably either at the City of Ottawa or at the City of Montreal.

THE WHOLE RESPECTFULLY SUBMITTED.

Dated at Montreal, the 30th of June, 1955.

IRON ORE TRANSPORT COMPANY LIMITED

By: HUGH O'DONNELL,

its Counsel herein.

CORPORATION DE LA CITE DES TROIS-RIVIERES

La ville des Trois-Rivières a été fondée en 1634 en raison des avantages naturels de son port.

Les indiens y tenaient leur grande foire annuelle pour y échanger leurs fourrures.

En 1658, les Français qui s'étaient installés aux Trois-Rivières pour y monopoliser le commerce des fourrures, sont forcés par suite des guerres indiennes à s'installer à Montréal.

Jusqu'en 1870, Trois-Rivières est la tête de navigation sur le Saint-Laurent, et est le port le plus intérieur qui pourrait être atteint sans difficulté par les frégates et corvettes françaises.

La canalisation du Saint-Laurent, en 1870, entre Trois-Rivières et Montréal, active la circulation maritime, mais déplace l'axe économique à Montréal, Le nombre des navires qui passent devant les quais des Trois-Rivières augmente considérablement, mais son port ne peut en profiter.

L'exploitation des ressources naturelles de l'arrière-pays des Trois-Rivières, la Mauricie, commencée en 1840, provoquera le développement du port des Trois-Rivières.

Deux développements parallèles et complémentaires transforment notre économie régionale; celui de la forêt (bois de construction et bois de pulpe), celui de l'énergie hydroélectrique.

L'exploitation de la forêt se poursuit en deux périodes successives qui ont marqué profondément notre port: la première période (1840-1880) des millions de pieds de pin et de bois de construction sont exportés vers l'Europe; la seconde période (1890 à nos jours) par la transformation de notre bois en pâte (1890) et en papier (1898). Parallèlement se faisait le harnachement des eaux du Saint-Maurice. L'abondance d'énergie électrique à bon marché provoqua l'établissement d'importantes industries chimiques, métallurgiques, textiles et autres dans les villes de Shawinigan Falls, Grand'Mère, LaTuque, Cap-de-la-Madeleine et Trois-Rivières.

Le port des Trois-Rivières servant d'appui maritime à ces industries commença à se développer et à se moderniser.

Le port des Trois-Rivières dans sa plus grande longueur mesure 10.7 milles légaux, mais le hâvre lui-même se réduit à une ligne de quais et de hangars de 7,640 pieds en incluant les installations des compagnies aux Trois-Rivières et au Cap-de-la-Madeleine.

Le port des Trois-Rivières a été de 1882 à 1936 administré par une Commission locale. C'est elle qui lui a donné son impulsion: construction de quais et de hangars de transit, entrepôt frigorifique et élévateur à grains.

En 1936, pour faire suite à l'enquête Gibb (1932) l'administration du port des Trois-Rivières passa entre

les mains du Conseil des Ports Nationaux.

Lors de la prise de possession par le Conseil des Ports Nationaux en 1936, la valeur aux livres des actifs immobilisés s'élevait à $7,547,100 et le surplus accumulé à $2,913,113.

De 1936 à 1953 (Tableau 1), le Conseil des Ports Nationaux a retiré du port des Trois-Rivières $4,570,086.86 en revenus d'exploitation et a dépensé pour l'administration et l'entretien $730,181.45, laissant un profit d'opérations de $3,839,905.41.

En 1947, le compte de surplus est régularisé et subit une augmentation aux livres de $1,270,150.06 sans que le compte d'actifs immobilisés en soit affecté.

En 1952, on régularise à nouveau le compte de surplus par une diminution de $2,521,283.54 de même que la valeur des actifs immobilisés qui passe de $7,897,697.03 à $5,450,921.99.

Une analyse financière des états financiers publiés par le Conseil des Ports Nationaux, démontre que seul le port des Trois-Rivières de tous les ports de l'Atlantique et du Saint-Maurice a réussi à accumuler un surplus net d'opérations. En effet, le dernier rapport officiel publié par la Commission des Ports Nationaux, en 1953, fournit les détails suivants:

PORTS	DEFICIT	SURPLUS
Halifax	$ 8,201,444.07	
St.Jean (N.B.)	9,278,467.04	
Chicoutimi	2,819,897.84	
Québec	27,060,829.33	
Trois-Rivières		$836,586.81 (1)
Montréal	9,282,276.24	

(1) Un réajustement en moins du surplus de$2,578,613.76 en 1952, a affecté le surplus accumulé.)

De 1936 à 1953, la Commission des Ports Nationaux a investi en améliorations capitales, dans le port des Trois-Rivières, la somme de $594,058. Une analyse des dépenses capitales dans les certains ports du Canada (Tableau 11) pour fins comparatives, pour les années 1936 à 1953, est annexée. Notons, que les ports de Halifax, St-Jean, Chicoutimi, Québec ont dépensé en améliorations capitales respectivement $6,692,991, $9,820,529, $68,492, $3,942,457 contre $594,058 pour Trois-Rivières, le seul port qui accuse un surplus.

Le port des Trois-Rivières, comme le démontre le tableau 3 ci-annexé, vit surtout du mouvement intérieur des marchandises. Le trafic intérieur est plus considérable que le trafic étranger et se traduit dans une proportion d'environ 90%. Si l'on analyse le mouvement des marchandises manipulées dans le port des Trois-Rivières, l'on constate que ce port est surtout un port importateur de produits domestiques.

Le port des Trois-Rivières vit surtout du cabotage. En effet, le nombre des navires océaniques ou longs-courriers arrivés aux Trois-Rivières de 1936 à 1953, comme le

démontre le tableau 3, n'équivaut qu'à environ 10 pour cent du total, soit de 50 à 300 arrivages par année. Les caboteurs, d'autre part, représentent le reste, de 80 à 90 pour cent, soit de 1,700 à 2,600 par année.

Les tonnages des océaniques comptent pour environ 300,000 tonnes par année alors que ceux des caboteurs dépassent les 2 millions de tonnes. En comparant ces tonnages avec ceux des autres ports canadiens, le port des Trois-Rivières occupe le 5ème rang. Sur les ports du Saint-Laurent, il vient immédiatement après Montréal depuis 1936 et avant Québec et Sorel.

Le port des Trois-Rivières est surtout un port importateur de produits domestiques et exportateur de produits locaux livrés à l'étranger. Les importations représentent environ 78% du tonnage global. Elles se composent de six groupes de denrées:

1- Les produits de la forêt - bois de pulpe et de construction, venant de la Gaspésie et de la Côte Nord du Saint-Laurent.

2- Les grains importés par eau et par rail des prairies canadiennes et réexportés vers l'Europe.

3- Le charbon bitumineux, provenant surtout des Etats-Unis.

4- Les produits pétrolifers venant surtout des raffineries de Montréal pour la consommation locale et régionale.

5- Les marchandises générales, comme le soufre, le sel, la glaise, fer et acier, etc.

Les exportations se réduisent à deux denrées principales: le papier journal vers les Etats-Unis et le Royaume-Uni, et les grains. Les autres produits ne représentent qu'un faible pourcentage du tonnage global, soit environ 9 pour cent de toutes les exportations.

L'on constate donc, à l'analyse des statistiques que seules les industries de papier des Trois-Rivières, Cap-de-la-Madeleine, Shawinigan Falls et Grand'Mère et l'élévateur à grains, fournissent la presque totalité des marchandises exportées par notre port. Les produits des autres industries des Trois-Rivières et de sa région économique, dont le nombre dépasse les 200, échappent au trafic du port. Encore, sur le 1.2 millions de tonnes de papier à journal produits dans les 6 usines locales et régionales, seulement 8 pour cent sont expédiées par le port, tout le reste, 92 pour cent est transporté surtout par chemin de fer. Les industries chimiques, métallurgiques ne se servent à peu près pas du port.

Ce qui fait la faiblesse du port des Trois-Rivières, c'est le manque de fret de retour et la carence d'exportations. Est-ce que ce trafic, complètement nécessaire au trafic portuaire, disparaîtrait avec la canalisation du Saint-Laurent de Montréal aux Grands-Lacs. Il semble de prime abord que son effet serait nul sur la fonction industrielle du port. Ce qui s'est passé en 1870 avec la canalisation du Saint-Laurent de Trois-Rivières à Montréal, pourrait bien s'accentuer davantage avec le débouché vers

les Grands-Lacs. Il n'y a pas de doute que le trafic maritime sur le Saint-Laurent triplera comme le disait l'Honorable Lionel Chevrier, C.R., C.P., président de l'Administration de la Voie Maritime duSaint-Laurent, dans un discours prononcé le 20 mai 1955, à la Conférence Internationale et Baltique à Copenhague, Danemark:

"Les évaluations du trafic qui empruntera la voie maritime au cours des années qui suivront immédiatement sa mise en service, laissent prévoir un total annuel de 30 à 35 millions de tonnes de marchandises, comparé aux quelques dix millions de tonnes qui passent actuellement par les canaux du Saint-Laurent."

Ce qui fait la prospérité d'un comptoir, ce n'est pas le nombre de personnes qui y passent, mais de l'importance de ceux qui s'y arrêtent.

Les ports en aval de Montréal bénéficieront de la canalisation du Saint-Laurent, en autant que le transport des marchandises continuera à être assuré par les flottes intérieures de l'Amérique du Nord.

L'Honorable Lionel Chevrier dans une allocution présentée au dîner annuel de l'Association des Manufacturiers Canadiens, au Château Frontenac, le 22 avril 1955, disait:

"Un dernier bienfait est possible pour les ports fluviaux du Saint-Laurent, Si l'on considère que la canalisation permettra aux frêteurs des Grands-Lacs de descendre jusque dans le fleuve, l'on peut supposer que plus d'un port fluvial pourra se voir transformer en un port de transbordement".

La Cité des Trois-Rivières, soucieuse du développement économique de son port et de ses industries, tant locales que régionales, soumet les suggestions suivantes:

1- l'agrandissement immédiate des quais d'une longueur de 4,000 pieds et la construction de hangars de transit;

2- réaménagement de la section du port occupée par la Charbonnerie Saint-Laurent;

3- l'installation de machinerie et d'équipement pour le chargement et le déchargement des navires;

4- services d'un ingénieur permanent avec résidence aux Trois-Rivières;

5- la nomination d'un agent du trafic maritime pour le port, avec résidence aux Trois-Rivières;

6- l'amélioration du service de transport entre les deux rives du Saint-Laurent;

7- l'établissement d'un port franc, pour la fabrication en transit;

8- le maintien des restrictions actuelles, limitant le champ d'action des transporteurs étrangers.

AGRANDISSEMENT IMMEDIAT DES QUAIS ET CONSTRUCTION DE HANGARS DE TRANSIT.

Le port des Trois-Rivières dans sa plus grande longueur mesure 10.7 milles légaux. Ses limites ont été fixées en 1935, lorsque le port est passé sous l'administration du Conseil des Ports Nationaux. La description légale se définit ainsi:

à l'ouest, le port se prolonge jusqu'à une ligne qui s'étend d'un point de la rive nord séparant les paroisses des Trois-Rivières et Pointe-du-Lac; cette ligne est prolongée sur la rive sud jusqu'aux limites des paroisses de Nicolet et de Saint-Grégoire;

au nord, la limite du port correspond au prolongement de la limite de la cité, vers l'autre rive du Saint-Maurice;

à l'est, la limite du port n'est que le prolongement de la limite de la cité à travers le Saint-Laurent jusqu'à la rive sud. Cette limite a cependant été reportée en 1938 par proclamation royale, jusqu'à une ligne qui rejoint la pointe de Lottinville sur la rive nord à la pointe de Bécancour sur la rive sud.

Le havre lui-même ne couvre à peine un mille de quais et de hangars, en excluant les installations des compagnies aux Trois-Rivières et Cap-de-la-Madeleine.

En 1936 la longueur des quais aménagés était de 7,400 pieds et il y avait 8 entrepôts de transit d'une superficie de 175,000 pi.c. En 1953, les quais aménagés mesuraient 7,650 pieds avec 9 hangars ayant une superficie de 192,000 pi.c. En 1954, le port possédait 7 hangars de transit avec une superficie de 229,000 pi.c.

En 1936, le nombre des navires arrêtés au port des Trois-Rivières, s'établissait à 4,180 et le tonnage des marchandises à l'arrivée et à la sortie, était de 1,590,624 tonnes.

En 1953, l'on compte 5,713 navires avec une manipulation de 2,044,056 de tonnes, soit une augmentation de 1,533 navires et 453,432 tonnes comparativement à 1936.

Faute d'espace libre sur les quais, les arrimeurs doivent refuser parfois des affaires. Le cas est arrivé encore dernièrement au cours du mois de juin où un arrimeur n'a pu accepter le chargement de 30,000 tonnes d'oxide de fer et la réception de 100,000 tonnes de rebus de fer.

Il en a été de même au printemps pour l'entreposage dans les hangars, de carbure expédié par une industrie de Shawinigan Falls. Il a fallu se servir de toiles pour protéger les produits sur les quais.

Comme le port de Trois-Rivières servira de port de transbordement après la canalisation du Saint-

Laurent, il est permis d'estimer, selon les prévisions de l'Honorable Lionel Chevrier, que le trafic de notre port triplera ses affaires.

De l'avis des arrimeurs locaux, les quais de notre port devraient être agrandis d'environ 4,000 pieds à l'ouest des aménagements actuels divisés comme suit:

a- 1,500 pieds à partir du quai de la Dominion Coal dont 500 pieds pour le déménagement de la Charbonnerie Saint-Laurent, et 1,000 pieds avec hangars de transit pour le papier de la St-Lawrence Corporation et les autres produits venant des Grands-Lacs ou ailleurs.

b- 1,000 pieds, pour l'entreposage de produits en vrac (bulk).

c- 1,000 pieds pour l'établissement d'un port franc.

L'industrie nouvelle dont l'économie dépend d'un port, ne peut s'établir dans notre ville, faute de quais en bordure des terrains industriels. La ville a perdu au moins deux industries importantes par manque de facilités d'établissement. Depuis six mois environ, une importante industrie américaine, étudie la possibilité de s'établir dans notre ville. Nous n'avons pas de quais disponibles à lui offrir où elle pourrait y installer son usine.

Notre port ne répond plus à nos besoins actuels et futurs.

REAMENAGEMENT DU QUAI OCCUPE PAR LA CHARBONNERIE SAINT-LAURENT.

De l'avis des urbanistes, pour des raisons qu'il est inutile de mentionner, la Charbonnerie Saint-Laurent devrait être déménagée immédiatement à l'ouest de la Dominion Coal, et le bassin du quai Marchand, devrait être supprimé pour permettre une meilleure utilisation de ces quais. Des entrepôts de transit devraient être construits à ces endroits.

INSTALLATION DE MACHINERIE ET D'EQUIPEMENT

Le port des Trois-Rivières n'a aucune machinerie lourde ou légère ni d'équipement pour le chargement et le déchargement des navires. Les arrimeurs locaux doivent fournir leur propre machinerie ou la louer d'entreprises locales.

De l'avis des arrimeurs locaux, le port devrait avoir au moins 2 grues locomobiles de puissance différente et autres machineries nécessaires et en services dans les autres ports sous l'administration du Conseil des Ports Nationaux.

SERVICE D'UN INGENIEUR ATTACHE AU PORT, AVEC RESIDENCE AUX TROIS-RIVIERES.

Le port des Trois-Rivières vient en cinquième place en importance de tous les ports canadiens; il se classe pour le tonnage immédiatement après Montréal pour

les ports du Saint-Laurent et avant Québec et Sorel, Québec a un ingénieur résident à son service, qui s'occupe des besoins du port, prépare les estimés, etc. Lorsque le port des Trois-Rivières a des améliorations à faire, il faut faire venir un ingénieur d'Ottawa. Encore, faut-il que les besoins soient urgents. Le port des Trois-Rivières est suffisamment important et ses besoins sont si nombreux et variés, que les services d'un ingénieur résident s'avèrent d'une grande nécessité.

NOMINATION D'UN AGENT DU TRAFIC MARITIME AVEC RESIDENCE AUX TROIS-RIVIERES.

Les statistiques démontrent que seulement 8% du papier produit dans notre ville et notre région est exporté par notre port, et le reste est surtout transporté par chemin de fer. Il y a plusieurs industries dans la région qui auraient avantage à se servir de notre port pour leurs expéditions. Il y a un travail de promotion du port à faire auprès de nos 200 industries régionales. Le fait est que le Conseil des Ports Nationaux ne se préoccupe pas du développement individuel de chacun des ports qu'il administre. Il se contente d'attraper les revenus dans un port ou dans l'autre. Tout récemment, une industrie importante de la région avait l'habitude de diriger par rail l'hiver sa production sur le port de St-Jean (N.B.) au lieu de l'entreposer jusqu'à l'ouverture de la navigation. C'est grâce à l'initiative d'un homme d'affaires local, que toute sa production est maintenant expédiée par notre port.

Les chemins de fer, ont, dans les centres importants, des agents du trafic dont le rôle est de visiter les industriels et hommes d'affaires et de les inviter à se servir du chemin de fer pour les expéditions et réceptions. Le Pacifique Canadien, par exemple, a un agent de trafic dans notre ville.

Le port des Trois-Rivières y gagnerait à avoir un agent du trafic comme les compagnies de chemin de fer.

Le problème du fret de retour sera en partie réglé lorsque les producteurs connaîtront les avantages et les économies réalisées en se servant du port.

AMELIORATION DU SERVICE DE TRANSPORT ENTRE LES DEUX RIVES DU ST-LAURENT.

La rive sud du Saint-Laurent ne participe à peu près pas à la vie du port des Trois-Rivières. Le défaut de communications rapides est le grand handicap. Le service de la traverse devient dispendieux pour une industrie qui expédie ses produits dans notre ville, à cause du temps perdu à attendre le traversier. Tant qu'il n'y aura pas de pont ou de tunnel pour relier les deux rives du Saint-Laurent en face de Trois-Rivières, les industries de l'amiante et autres, dirigeront leurs expéditions surtout aux ports de Montréal ou de Québec. Nous sommes d'opinion que le Conseil des Ports Nationaux devrait participer à la construction d'un pont ou d'un tunnel sur le Saint-Laurent.

ETABLISSEMENT D'UN PORT FRANC

La prospérité du Canada dépend dans une large mesure de sa production industrielle, laquelle est impossible sans des moyens de transport modernes et sans énergie électrique. Pourquoi le Canada ne profiterait-il pas de la canalisation du Saint-Laurent qui créera un mouvement de marchandises très considérable de toutes les parties du monde pour installer à certains endroits, sur le fleuve, des ports francs. Nous sommes d'opinion que cette initiative contribuerait à l'établissement d'industries importantes dans ces ports. Comme Trois-Rivières a l'avantage d'avoir un excellent port et de l'électricité en abondance, la création d'industries de fabrication en transit, contribuerait à créer un fret de retour à notre port.

MAINTIEN DES RESTRICTIONS ACTUELLES LIMITANT LE CHAMP D'ACTION DES TRANSPORTEURS ETRANGERS.

Lorsque la canalisation du Saint-Laurent aura été terminée, plus de 90% des océaniques pourront pénétrer vers l'intérieur et se rendre de Montréal et des autres ports du Saint-Laurent aux grands ports de Toronto, Hamilton, Buffalo, Cleveland, Toledo, etc. Si les restrictions sur le cabotage sont levées, permettant aux océaniques de faire du commerce intérieur entre le Canada et les Etats-Unis, il est fort probable que les ports du Saint-Laurent, sauf peut-être Montréal, perdront une grande partie de leur trafic actuel.

Le maintien des restrictions, tout en contribuant à la création d'une marine canadienne plus forte, activera les affaires des ports fluviaux.

CONCLUSIONS:

Le port des Trois-Rivières, qui n'était au début de la colonie qu'une plage de débarquement est aujourd'hui l'un des grands ports du Canada. Il a besoin pour se développer d'être agrandi et équipé. C'est un port à eau profonde, variant de 30 à 65 pieds, les marées sont faibles et il n'y a pas de courant rapide. De plus, le fleuve a plus d'un mille de largeur aux Trois-Rivières, ce qui permet aux navires de circuler et de pivoter avec aisance. Notons aussi que les navires n'ont pas besoin de remorqueurs pour accoster au port au grand bénéfice des lignes de navigation.

C'est un port d'eau naturel qui demande peu d'entretien, contrairement aux ports de Québec et de Montréal, qui coûtent énormément cher en dragage et en réparations.

Les avantages du Port des Trois-Rivières ne sont pas suffisamment connus des industriels de la région et des pays de l'Europe. Il convient de faire la promotion de notre port. Un agent du trafic avec connaissances des transports par eau, rail et camion serait un placement avantageux.

La canalisation du Saint-Laurent profitera au port des Trois-Rivières, à condition que la navigation intérieure soit protégée.

Le Conseil des Ports Nationaux devrait préparer immédiatement un plan d'expansion du port des Trois-Rivières en tenant compte des effets de la canalisation du Saint-Laurent, du développement économique de la ville, de la région et du pays.

La Corporation de la Cité des Trois-Rivières est heureuse d'inviter les membres de la Commission Royale d'Enquête sur le Cabotage, à venir siéger dans la ville des Trois-Rivières et à y visiter son port.

LE TOUT RESPECTUEUSEMENT SOUMIS

LA CORPORATION DE LA CITE DES TROIS-RIVIERES

par: Marcel Ouellet

Commissaire Industriel,

Trois-Rivières,
Le 30 juin 1955.

BRIEF OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

The physical geography of British Columbia requires this province to depend heavily upon adequate, dependable and low-cost coastal water transportation. The long, deeply indented coastline combined with rugged mountainous terrain, which hinders other forms of heavy transportation, makes coastal shipping the only practical means of sustaining and developing our coastal territory. While our first concern is the provision of coastal services at reasonable cost, we also are desirous of maintaining an active shipbuilding industry. We are, therefore, vitally concerned with the results of this Royal Commission.

Foreign Flag Vessels in British Columbia Coastal Trade

The question as to whether or not British-registered ships should be banned from Canadian coastal trade is not of immediate concern to British Columbia. In contrast with the situation on Canada's East Coast, foreign flag vessels are not a significant factor in the coasting trade of British Columbia.

Table I presents data, for the year 1953, on the volume of coastwise trade carried by ships of other than Canadian registry. The information is segregated into the three areas which are served by coastal shipping; namely, Atlantic and Lower St. Lawrence River Ports, Great Lake Ports, and Pacific Ports. The figures for cargoes loaded at Pacific Ports support the observation that foreign shipping is a negligible factor in British Columbia's coastwise trade, for in 1953 less than six thousand tons were loaded by ships not registered in Canada out of a total of over 3,800,000 tons carried in coastal trade.

Similarly, in the Great Lakes area, foreign vessels were not a significant factor in 1953. However, when the Seaway is completed it might be expected that the use of foreign ships would increase in this area if the present regulations are unchanged.

The situation is somewhat different in the case of the Atlantic and Lower St. Lawrence River Ports. In 1953, vessels of non-Canadian registry loaded over 1,700,000 tons of cargo in coasting trade while the total loadings were nearly 8,800,000 tons. In other words, non-Canadian vessels carried approximately one-fifth of the coastal trade in this area.

Perhaps the explanation of the absence of vessels of foreign registry in the coastal trade of this Province lies in the fact that a considerable proportion of the traffic is carried by tug and barge[1] which require less crew, and are less expensive to build than regular ships. Then too, the distance of British Columbia from Great Britain makes it less convenient for British ships to enter the coasting trade here as compared to Eastern Canada.

Foreign Built Vessels

While foreign flag vessels are not an important factor in the carriage of British Columbia's coastal trade, many of the vessels of Canadian registry operating in this trade are built in other countries. The leading example of the use of foreign built ships is the C.P.R. which has had four major vessels constructed in

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(1) The shipping report of the Dominion Bureau of Statistics indicates that out of 15,291 departures of unrigged vessels, 13,903 were made from Pacific Ports.

Great Britain since the war for use on the British Columbia coast. It is not our intention to criticize this company for its action, for, as a private company, they must be free to exercise their commercial justment in order to give the most economic service. However, it is interesting to contrast this situation with the situation in the Maritimes where the Federal Government has vessels built in Canada and turned over to the C.N.R. for operation, with the government meeting any losses incurred. Hence, Eastern Canadian shipyards have the opportunity of obtaining contracts for such coastal vessels simply because the services in that area are operated by a Crown corporation with its losses underwritten, while in British Columbia the major services are operated by private companies which apparently find it more economic to have their ships built elsewhere. In view of this situation it does not seem unreasonable that the Federal Government be asked to encourage the private companies to build their vessels in Canada by providing subsidies to the extent of the difference in cost of building in Canada as compared to the United Kingdom. In the case of vessels for West Coast service, a further subsidy should be provided, if required, to assure the building in British Columbia of ships to be used on the West Coast. Such a subsidy could be based on the difference, if any, in the construction costs between here and Eastern Canada. Such a cost differential is recognized in the United States subsidy policy.

(1) The shipping report of the Dominion Bureau of Statistics indicates that out of 15,291 departures of unrigged vessels, 13,903 were made from Pacific Ports.

Inter-Coastal Trade

Another matter which is of particular concern to British Columbia is the effect of any recommendations of the Commission on inter-coastal movement of traffic by ship between Eastern Canada and British Columbia. The major operator presently participating in this movement (Saguenay Terminals - Alcan) is using ships of non-Canadian registry which are manned mostly by West Indian crews although some of their ships have been built in this country.

While this type of movement may not account for a substantial proportion of the traffic moving from Eastern Canada to the Pacific Coast, it is important to this Province because of the influence exerted on trans-continental railway rates by the presence of ship competition. For this reason it is desirable from our point of view that inter-coastal shipping be excluded from any restrictions which the Commission might recommend. Such a view, we think, can be justified on the basis of the fact that the physical circumstances involved in such a movement are quite different than the purely local coastal movement in terms of distances and type of ships required; and that inter-coastal movement is, in fact, a deep-sea movement.

Furthermore, the completion of the St. Lawrence Seaway should provide a considerable stimulus to the inter-coastal movement. We feel, that while most other Provinces stand to benefit materially, the only tangible benefit which British Columbia might derive from the Federally operated Seaway is lower transportation costs between Central Canada and the West Coast. Therefore, we oppose any restrictions on the use of foreign flag vessels in the inter-coastal trade which might reduce the one benefit which British Columbia would derive from the Seaway.

The Shipbuilding Industry.

The principal statistics of the shipbuilding industry in Canada compared with British Columbia for the years 1938 to 1953 are given in Table II. The tremendous wartime expansion and the subsequent contraction of the industry is amply illustrated. Using the average number of employees as a measure of industry size we observe that in Canada shipment employment rose

3,596 in 1938 to a wartime peak of 75,847 in 1943, then declined to a post-war low of 11,454 in 1950 and rose to 22,571 by 1953. The relative fluctuation in British Columbia yards was even more pronounced.

It is interesting to note the changing importance of British Columbia yards in the overall Canadian picture. Before the war (1938) British Columbia was responsible for 21 percent of shipyard employment. This ratio increased to 48 percent in 1942 but by 1953 it had dropped below the pre-war levels to 15 percent. It would seem that the British Columbia yards may be losing their position compared with the yards in other parts of Canada.

Table II also illustrates the high wage costs of British Columbia yards. In this Province the shipyards with an average employment of 3,405 in 1953 incurred a wage cost of $13,394,083 resulting in an average cost of $3,937 compared with $3,096 in the rest of Canada. To illustrate this point another way, reference to the Dominion Bureau of Statistics publication, Man-Hours and Hourly Earnings, indicates that the average hourly earnings in shipbuilding and repairing in British Columbia as at February 1st, 1955, was $1.86 compared with, for example $1.41 in Nova Scotia.

Table III gives the delivery value of shipbuilding and repairs by regions for the years 1948 to 1953. Table IV shows the value of work done in Canadian shipyards distributed by type of work, -- shipbuilding, ship repair and other types of work, for the years 1938, 1943, and 1946 to 1953. These figures are not comparable to the value of deliveries as they include work done during the year on incompleted vessels and exclude work done in previous years on ships delivered during the year. A shift towards an increased proportion of non-ship work is indicated although the increased naval building program in 1953 has reduced the relative importance of this type of work.

A breakdown between naval and commercial ships of the value of work done each year is not available here, and therefore, Table V showing the value of deliveries of naval and other vessels, is included to indicate the relative importance of naval shipbuilding. During the years 1948 to 1951 new naval building was a relatively small proportion to total ship deliveries although no doubt, the value of naval repairs and conversions was important but unfortunately we have no breakdown of repair work done.(1) Due to the expansion in naval building, the proportion of naval deliveries to total deliveries rose to 12.2 per cent in 1952 and 28.0 per cent in 1953.

We have no similar authoritative information for British Columbia from which we might be able to deduce the proportion of the naval ships (and perhaps other Government ships) built in this Province.(2) However, we would expect that such data would be included in the submissions of the industry.

Capital repair and maintenance expenditures of the Canadian shipbuilding industry is shown in Table VIII for the years 1948 to 1953. A steady growth in these expenditures is noted with the growth in capital (i.e. new) expenditures being greatest in a relative sense. Three factors must be considered when evaluating

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(1) Table VI gives a breakdown of the number of Naval and Merchant ship repairs and conversions in 1953, but not value.

(2) Table VII gives the distribution of orders on hand as at March 31, 1954.

this information. First, are the sums allotted (5 million for capital and 6 million for repair and maintenance in 1953) sufficient to maintain an adequate and competitive shipyard industry in Canada?(1) Second, does the increase in expenditures indicate confidence on the part of shipyard management or are they simply forced to spend these sums to prevent them from becoming completely obsolete and therefore, non-competitive? (i.e. to stay in business?) Third, are British Columbia shipyards sharing in this capital improvement or are local conditions forstalling such action?

We understand that activity in British Columbia yards has decreased since 1953 (the last year for which we have complete statistics). The Dominion Bureau of Statistics publication "Employment and Payrolls" tends to support this observation. Their index of employment for shipbuilding and repairing in British Columbia (Base 1949 = 100) stood at 140.8 as of April 1st, 1955, compared with 152.2 on April 1, 1953. Furthermore, the lack of large commercial orders suggests that further reduction in activity is apt to occur when naval contracts are completed.

It is obvious that, if the shipyards are to maintain even their present level of activity, some remedial action will have to be taken. We believe that, rather than place a duty on the use of British built ships in the coastal trade thereby raising the cost of coastal operations and perhaps restraining them from improving some of their services, a form of construction subsidy, as suggested earlier, should be granted to enable our shipyards to compete with Great Britain for the construction of coastal vessels. We also suggest that every care be taken to see that naval contracts are fairly distributed between the various shipbuilding areas and that some consideration be given to expand the naval building programme even to the extent of building ships for reserve.

Benefits of Maintaining Shipyard Employment

When determining what assistance might be afforded the shipbuilding industry the Commission should consider the advantages inherent in maintaining shipyard employment. The general prosperity of our country depends upon maintaining full employment and the shipbuilding industry provides one major specific instance where the appropriate allocation of contracts, both commercial and naval, will definitely be a contributing factor towards full employment not only in the shipyard industry but in the supporting and service industries as well thus contributing to the overall economic health of the country as a whole and, more particularly, the shipbuilding areas. Furthermore, the assurance that skilled shipyard personnel will be retained regionally and kept continuously employed will keep them available to meet any emergency which might arise.

National Defence

While it is not within our scope to deal with national defence problems, it is obvious that national security demands the maintenance of at least a strong nucleous of a merchant marine and shipbuilding industry which would be capable of expanding rapidly in the event of a major war.

The tremendous expenses which were incurred during the last two World Wars to build a merchant fleet virtually from "scratch" and the subsequent large capital losses incurred after the war when most of the fleet was sold to foreign countries at extremely low prices, and the fact that the lack of trained crews

(1) Perhaps the relatively small capital expenditures noted are due to the excess capacity built up during the war thus eliminating the necessity of building entirely new plants.

and shipyard personnel must have seriously hampered expansion of the Canadian Navy, are ample evidence of the defence need.

This provides a strong argument in favour of supporting our shipyards by means of direct subsidy rather than by a customs duty, for if the national policy dictates a strong shipyard industry then the country as a whole and not just the users of coastal services should pay for such a policy.

Deep-Sea Shipping

While this problem is not specifically referred to in the terms of the Commission it may well be brought up by various interests. Therefore, we take this opportunity of expressing our views on this subject.

Canada, and British Columbia in particular, depends upon the ability of its producers to sell their products in the highly competitive world market. Therefore, we require the lowest cost competitive shipping available to carry these products to their markets. For this reason, if any assistance is contemplated it must take the form of direct subsidy both for construction and operating costs applied in a similar method as that used in the United States.

We are of the opinion that any aid granted to deep-sea shipping can only be justified upon national defence requirements and, therefore, the cost must be borne by the entire country.

Conclusions:

While we are concerned with maintaining an adequate shipyard and shipping industry, we are of the opinion that this objective must not materially raise the cost of shipping either in coastal or in foreign trade. As a result of this conclusion, we submit the following recommendations:

1) The Federal Government should provide for cost differential subsidies, where required to assure the construction of coastal vessels in Canada. A further subsidy should be applied, if needed, to allow for variations in cost between the east and west coasts. This principle of cost differential should be considered in the awarding of naval contracts.

2) Inter-coastal service between British Columbia and Eastern Canada should be considered in the same category as foreign service.

3) Any aid granted for the establishment of a Canadian merchant marine to operate in foreign service should be in the form of direct subsidy.

TABLE I

The Number and Registered Net Tonnage of Vessels of Foreign Registry in the Coastwise Trade and the Amount of Cargo Carried; 1953

Country of Registry	Atlantic and Lower St. Lawrence River Ports			Great Lake Ports			Pacific Ports			Total		
	No.	Registered Net Tonnage	Cargo Tons	No.	Registered Net Tonnage	Cargo Tons	No.	Registered Net Tonnage	Cargo Tons	No.	Registered Net Tonnage	Cargo Tons
						LOADED						
British West Indies....	19	5,992	2,899	2	1,850	4,600	--	--	--	21	7,842	7,499
United Kingdom.....	597	1,146,530	1,717 161	128	88,934	77,457	4	14,692	4,639	729	1,250,156	1,799,257
United States.....	21	52,645	7,604	1	760	2,265	3	1,170	1,220	25	54,575	11,089
Grand Total.....	637	1,205,167	1,727,664	131	91,544	84,322	7	15,862	5,859	775	1,312,573	1,817,845
						UNLOADED						
British West Indies....	19	5,903	4,361	1	925	2,300	--	--	--	20	6,828	6,661
United Kingdom.....	534	1,050,391	1,643,423	77	54,337	71,773	3	16,652	4,092	614	1,121,380	1,719,288
United States	27	71,826	15,471	2	1,802	4,600	10	6,505	8,407	39	80,133	28,478
Grand Total.....	580	1,128,120	1,663,255	80	57,064	78,673	13	23,157	12,499	673	1,208,341	1,754,427

Source:- Shipping Report, 1953, Dominion Bureau of Statistics.

B-111 (Source: Dominion Bureau of Statistics, Ottawa.

Principal Statistics: The Shipbuilding Industry in Canada Compared with British Columbia: 1938 - 1953.

Year		Est. (No.)	Average No. of Employees (No.)	Salaries & Wages ($)	Cost of Fuel & Electricity ($)	Cost of Materials ($)	Net Value of Production ($)	Gross Value Of Production ($)
1938	Canada	41	3,596	4,813,614	296,635	4,435,966	6,438,815	11,171,416
	B. C.	17	749	1,078,991	49,514	770,296	1,556,911	2,376,721
1939	Canada	43	3,491	4,950,179	298,877	3,814,321	7,358,642	11,234,967
	B. C.	18	968	1,382,837	62,004	784,956	2,205,154	3,052,114
1940	Canada	47	9,707	15,753,467	575,248	18,633,954	25,481,735	44,690,937
	B. C.	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1941	Canada	65	21,240	32,341,826	1,111,696	41,471,884	66,743,303	109,326,883
	B. C.	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1942	Canada	79	50,132	92,188,814	2,359,123	73,325,151	166,453,853	242,138,127
	B. C.	24	23,840	46,873,074	1,007,839	35,074,784	82,264,085	118,346,708
1943	Canada	87	75,847	153,595,336	3,428,518	123,317,336	249,815,120	376,560,974
	B. C.	23	31,268	65,009,582	1,190,242	41,906,924	112,539,380	155,636,546
1944	Canada	94	67,076	138,967,246	3,610,913	101,056,440	224,632,290	329,299,643
	B. C.	23	24,647	51,887,483	1,157,140	29,372,744	93,734,500	124,264,384
1945	Canada	89	48,118	99,470,593	2,653,650	60,294,253	141,646,420	204,594,323
	B. C.	23	19,127	40,637,585	914,331	16,802,965	64,490,742	82,208,038
1946	Canada	79	20,247	40,975,731	1,400,316	25,915,348	64,535,796	91,851,460
	B. C.	24	6,291	13,742,380	369,868	5,066,679	26,338,047	31,774,594
1947	Canada	74	21,119	46,457,707	1,653,601	37,263,603	71,213,925	110,131,129
	B. C.	24	5,356	11,679,347	359,414	3,459,228	24,779,671	28,598,313
1948	Canada	76	18,399	44,998,444	1,701,728	38,999,154	66,082,386	106,783,268
	B. C.	24	4,137	11,274,033	365,936	5,049,653	21,758,386	27,173,975
1949	Canada	80	12,562	30,909,310	1,369,141	28,285,590	45,946,294	75,601,385
	B. C.	27	2,604	7,289,235	250,786	3,635,365	10,395,510	14,281,661
1950	Canada	76	11,454	28,356,192	1,332,569	25,242,491	37,111,496	63,676,550
	B. C.	26	2,444	6,380,490	252,823	3,776,765	8,769,392	12,789,980
1951	Canada	76	14,836	40,104,531	1,445,398	35,316,718	58,456,402	95,218,518
	B. C.	27	3,484	11,127,087	297,034	5,952,140	14,793,689	21,042,863
1952	Canada	74	20,676	61,700,312	2,072,958	60,247,318	96,737,673	159,057,949
	B. C.	26	3,838	13,711,307	328,721	10,299,889	20,015,332	30,643,942
1953	Canada	79	22,571	72,732,056	1,870,379	65,821,268	115,523,663	183,215,310
	B. C.	28	3,405	13,394,083	385,624	10,249,400	21,913,882	32,548,906

TABLE III

Value of Ships Delivered and of Repairs and Conversions Carried Out in Canadian Shipyards, 1946 - 1953.

Shipbuilding Area	1946 $	1947 $	1948 $	1949 $	1950 $	1951 $	1952 $	1953 $
Pacific Coast								
Shipbuilding	6,647,898	3,976,066	21,127,252	5,114,021	1,502,800	601,001	3,041,670	287,835
Repairs and Conversions	8,744,194	9,392,870	7,983,945	5,520,142	3,653,624	6,603,553	7,217,901	7,335,846
	14,792,092	13,368,936	29,111,197	10,634,163	5,156,424	7,204,554	10,259,571	7,623,681
Great Lakes								
Shipbuilding	6,724,000	102,000	8,953,700	5,210,996	7,025,000	8,256,600	31,075,624	3,502,850
Repairs and Conversions	2,211,810	2,652,655	2,883,436	4,310,629	3,086,631	4,636,319	4,679,525	5,926,099
	8,935,810	2,754,655	11,837,136	9,521,625	10,111,631	12,892,919	35,754,549	9,428,949
St. Lawrence								
Shipbuilding	12,625,772	34,931,491	52,849,028	21,360,807	10,371,383	4,947,053	6,282,390	40,325,000
Repairs and Conversions	5,977,713	5,514,997	4,791,317	2,970,850	5,388,538	7,345,077	14,717,394	21,254,741
	18,603,485	40,496,488	57,640,345	24,331,657	15,759,921	11,392,130	20,999,784	61,579,741
Atlantic Coast								
Shipbuilding	4,569,550	5,424,207	4,325,239	55,000	7,381,970	.....	1,604,250	300,000
Repairs and Conversions	7,176,211	9,529,479	6,990,299	5,230,875	5,001,402	5,750,231	11,147,247	16,570,462
	11,745,761	14,953,686	11,315,538	5,285,875	12,383,372	5,750,231	12,751,497	16,870,462
Summary								
Shipbuilding	29,967,218	44,483,764	87,255,269	31,740,824	26,281,153	12,904,654	41,982,334	44,415,685
Repairs and Conversions	24,110,128	27,690,001	22,648,997	18,032,496	17,130,195	24,335,180	37,762,067	51,097,148
	54,077,346	72,173,765	109,904,266	49,773,320	43,411,348	37,239,834	79,744,401	95,512,833

Note:- These values are not comparable with those shown on Table V as the latter includes some smaller jobs.

Source:- Seventh Report of the Canadian Maritime Commission, June 24, 1954.

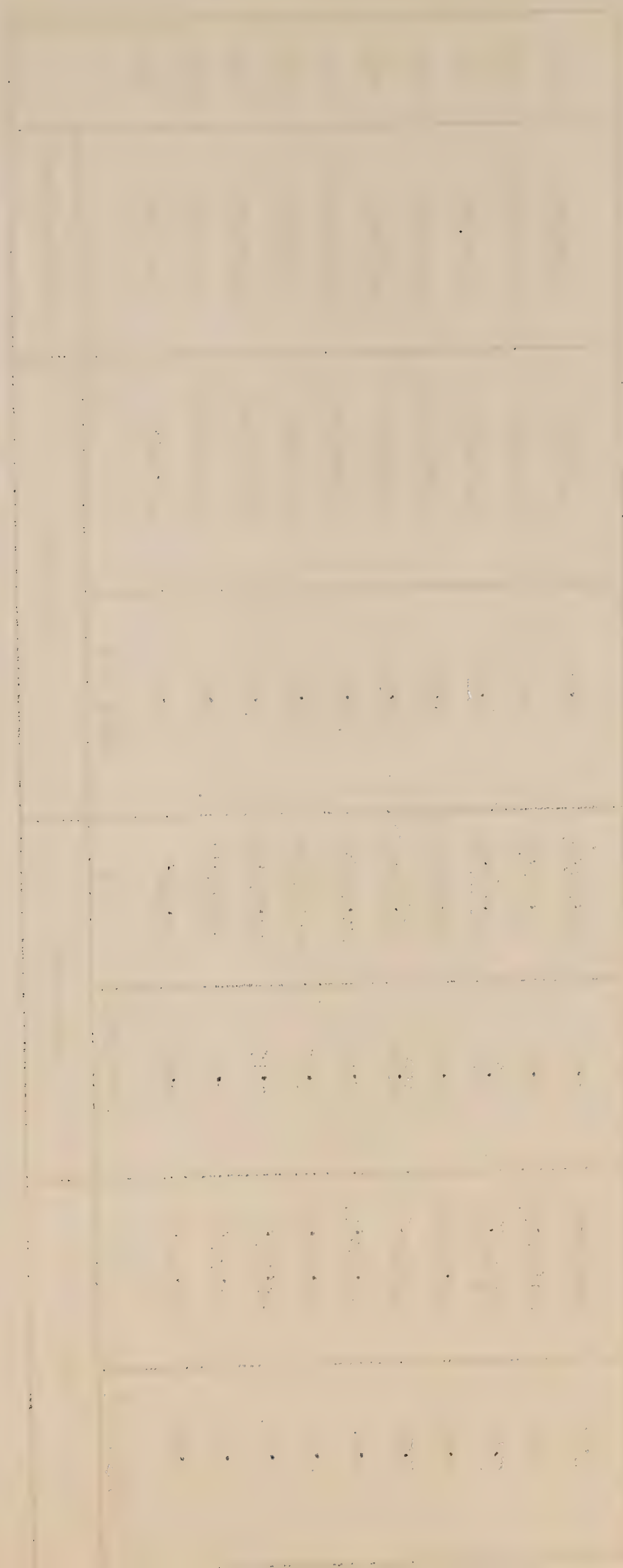


TABLE IV

VALUE AND PERCENTAGE DISTRIBUTION OF SHIPYARD PRODUCTION (1) IN CANADA, BY TYPES OF WORK 1938, 1943, AND 1946 - 1953.

	Total Production	Shipbuilding		Ship Repair		Other	
		$	% of Total	$	% of Total	$	% of Total
1938	11,171,416	3,783,708	33.9	6,099,280	54.6	1,288,428	11.5
1943	376,560,974	334,471,576	88.8	34,382,613	9.2	7,706,785	2.0
1946	91,851,460	54,903,182	59.8	28,644,712	31.2	8,303,566	9.0
1947	110,131,129	60,424,231	54.9	42,077,069	38.2	7,629,829	6.9
1948	106,783,268	64,094,935	60.0	31,084,414	29.1	11,603,919	10.9
1949	75,601,385	36,668,269	48.5	27,613,026	36.5	11,320,090	15.0
1950	63,676,556	26,154,341	41.1	27,011,849	42.4	10,510,366	16.5
1951	95,218,518	42,985,468	45.2	35,443,294	37.2	16,789,756	17.6
1952	159,057,949	82,573,815	51.9	47,578,971	29.9	28,905,163	18.2
1953	183,215,310	95,491,602	52.0	62,787,081	34.3	25,116,627	13.7

(1) Not equivalent to value of deliveries as the value of work done during the year on incompleted ships is included while the value of work done in previous years on ships delivered during the year is excluded.

SOURCE:- The Shipbuilding Industry (Annual) Dominion Bureau of Statistics, Ottawa.



TABLE V

VALUE AND PERCENTAGE DISTRIBUTION OF NAVAL AND COMMERCIAL SHIPS DELIVERED BY CANADIAN SHIPYARDS 1946 - 1953

	Total Deliveries	Naval Vessels		Commercial Vessels	
		$	%	$	%
1946	44,749,959	14,014,487	31.3	30,735,472	68.7
1947	49,241,998	5,115,445	10.4	44,126,553	89.6
1948	91,164,330	4,331,433	4.8	86,832,897	95.2
1949	36,493,912	66,000	0.2	36,427,912	99.8
1950	25,702,978	1,576,262	6.1	24,126,716	93.9
1951	18,942,971	330,803	1.7	18,612,168	98.3
1952	34,881,738	4,249,816	12.2	30,631,922	87.8
1953	53,520,954	14,959,639	28.0	38,561,315	72.0

SOURCE:- The Shipbuilding Industry (Annual) Dominion Bureau of Statistics, Ottawa.

TABLE VI

Ship Repairs and Conversions During 1953 Distributed Over the Four Shipbuilding Areas.

	Naval	Merchant	Dollar Value (1)
Pacific Coast	6	672	$ 7,335,846
Great Lakes	--	311	5,926,099
St. Lawrence	12	617	21,264,741
Atlantic Coast	63	725	16,570,462
	81	2,325	$ 51,097,148

(1) This value is not comparable with the value of ship repairs shown in Table V as the latter includes some smaller ships.

SOURCE:- Seventh Report of the Canadian Maritime Commission, June 24, 1954.

TABLE VII

Orders for Vessels Divided Among the Four Shipbuilding Areas as of March 31, 1954.

	Naval	Other Gov't.	Merchant	Dollar Value
Pacific Coast ...	19	2	6	$ 92,092,000
Great Lakes	4	--	6	38,121,300
St. Lawrence	16	4	4	160,584,050
Atlantic Coast ..	9	--	--	62,100,000
	48	6	16	$352,897,350

SOURCE:- Seventh Report of the Canadian Maritime Commission, June 24, 1954.

TABLE VIII

Capital and Repair Expenditures in the Shipbuilding Industry: 1948 - 1953

(Canada)

Year	Capital Expenditures			Repair and Maintenance Expenditures			Total Capital and Repair Expenditures
	Construction	Machinery and Equipment	Sub-Total	Construction	Machinery and Equipment	Sub-Total	
	$'000						
1948	192	744	936	1,255	2,479	3,734	4,670
1949	409	1,570	1,979	640	2,951	3,591	5,570
1950	315	1,474	1,789	631	2,500	3,131	4,920
1951	516	1,976	2,492	1,202	2,636	3,838	6,330
1952	1,110	1,798	2,908	1,681	4,298	5,979	8,887
1953 (1)	1,716	3,203	4,919	1,630	4,367	5,997	10,916

(1) Preliminary

SOURCE:- The Shipbuilding Industry, 1953, Dominion Bureau of Statistics, Ottawa.

B-112

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Submission to the
Royal Commission on Coasting Trade
by the
Interprovincial Farm Union Council

July - 1955

The Interprovincial Farm Union Council, representing the Farm Unions of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, wishes to express appreciation for the invitation to appear before this important body of public inquiry on Coasting Trade. As spokesman for more than 200,000 farm men and women who are members of these organizations, we welcome the opportunity to present our viewpoint on Canadian Coasting Trade and its various related factors as it affects the primary industry of Canada, viz., AGRICULTURE.

As the efficiency and cost of all types of transportation occupies an increasingly important position in the field of agricultural production, it is our intention to bring out what we believe to be the most important side of the problem - the desirability of keeping in effect the lowest possible shipping rates in our coasting trade. Canadian coasting traffic moves well over 30 million short tons of freight every year. The 1953 peak was 34½ million tons. With grain traffic from the lakehead, for transshipment, being much the largest part of this trade, representing 37% of the total, it is understandable that the Interprovincial Farm Union Council, representing farm organizations across Canada, should be primarily interested in this subject.

The 1954 report of the Board of Grain Commissioners for Canada shows the quantities of various grains inspected and shipped by vessel from Fort William and Port Arthur in the 1953-1954 crop year, as follows:-

Wheat - 135,910,000 bushels; oats - 87,540,587 bushels; barley - 82,716,323 bushels; rye - 15,836,423 bushels; flaxseed - 5,499,361 bushels; buckwheat - 230,831 bushels; mixed grain - 245,478 bushels; sample grain - 56,902 bushels; screenings - 2,769,135 bushels. The total grain shipped by this route amounted to 330,805,312 bushels.

Adding to the grain movement all the other agricultural products going into national and international trade, and the machinery, appliances and other consumer goods purchased, it becomes clear that shipping rates in effect in our coasting trade by land and water are of the utmost importance to this industry. They have a direct bearing on farm income. The final price received by farmers for their products, especially the western farmers because of their geographic location, to a considerable extent depends on the cost of transportation.

There is no doubt in our minds that the ever increasing freight rates in the last few years have had an important bearing on our farm price structure, and have been one of the factors responsible for the unprecedented decline in farm income. According to the Federal Bureau of Statistics, net farm income fell from $2,188,000 in 1951 to $1,114,000,000 in 1954. This means that in three years Canadian farmers lost $1,074,000,000 in income, or just about half of their 1951 net revenue.

Thus, it can readily be seen that the establishment of regulations to keep freight charges on a fair and reasonable level is of the utmost importance for our basic industry. Being composed of numerous individual primary producers it would no doubt affect the life and welfare of more people than any other request that may come before this Commission.

MONOPOLY IN CANADA'S COASTING TRADE

Ever since the beginning of Canadian agriculture one of the important features responsible for the growth and progress of this industry was the opening up of export markets, for without these markets, such increase of cultivation and production would not have been possible. This applies in particular to Western Canada and the export of wheat. From 1880 until 1953 Canada exported 10,070,604,000 bushels of wheat and wheat flour, mostly from the three prairie provinces.

Admirable as this record may be, it nevertheless brings out the fact that Canadian farmers, especially the Western farmers, have always been subject to consumer likes and dislikes all over the world in a competitive market. In addition they are often confronted with uncontrolled and monopolistic freight charges for hauling their products over the long rail and waterways to a far-off market. This holds true first on the long rail haul from the prairies to the Head of the Lakes, and next in the 2,200 mile long water haul over the Great Lakes waterway to the Atlantic ocean.

The discriminatory railway charges between east and west have always been a factor mitigating against the Western producer. The Canadian freight rate structure, as far back as the beginning of the century, from Central Canada to or from the Head of the Lakes, has, until recently, been based on an arbitrary rate to meet the water competition from ships on the Lakes. While from the lakehead to the west and back railway freight charges have always been on a straight mileage rate.

Were it not for the statutory rates set on grain from the west to the Head of the Lakes, secured under the Crows Nest Pass Agreement of 1897, the west would have suffered serious, if not fatal, set-backs because of the freight rate structure. In return for substantial financial and land grants with mineral rights received by the C.P.R. from the Canadian Government, these rates provide a certain measure of protection to Western grain producers.

With our best markets for agricultural products located mostly in Continental Europe, perhaps more important than the railway rates are the shipping rates in effect on our inland waterways from the Head of the Lakes to the Atlantic coast.

With the slow twisting voyage inland on the St. Lawrence River, and a canal between Montreal and Lake Ontario of only 14 feet depth, competition among ships for through and local traffic has been practically non-existent. To preserve this uncompetitive position for the Canadian shipping interests in our inland waters, the Canadian Shipping Act, in one of its clauses, forbids any ship of non-Canadian registry to carry freight from one Canadian port to another.

Even the concession granted to United Kingdom ships at the Imperial Economic Conference in 1932, to engage in port-to-port operations in our inland waterways, has, in practice, been of little consequence in competing with Canadian ships. It never was regarded as more than eye-wash as the large traffic on the Great Lakes waterway, because of the 14 foot canals, was, to a large extent, unattainable to most Commonwealth ships. In 1953 British ships carried just over 5% of the Canadian coasting trade, thus leaving the Canadian shipping interests practically as a monopoly in the field, protected by the law of the land.

How much Canadian farmers have lost under this condition in Canadian port-to-port traffic is hard to estimate. The statistical table in the Annual Report of the Canadian Lake Carriers shows that, while 1954, shipping wise, was a bad season, the total all-Canada traffic was 16,004,877 short tons; of this, 12,906,746 short tons were agricultural products, largely grain. With these figures on hand the significance of the rule to reserve the coasting trade of our inland waters practically for Canadian ships, can easily be grasped.

The keen competitive effect this trade route once had on the Canadian railway rates from Central Canada to the lakehead seems to have completely disappeared. Only a few months ago, when the new equalization of railway rates became effective, this element of water competition vanished from the rate structure. The straight mileage rates now apply to the east as well as to the west of the lakehead. The decision of the Transport Board to ignore water competition in setting the rates seems to prove that it no longer exists. How far the railways and the lake carriers co-operate in not competing, is a matter of speculation.

Even the construction of the St. Lawrence Seaway will not alter the situation appreciably, and the public will not be the chief beneficiaries if the present virtual monopoly of the Canadian Lake Carriers continues.

Notably, the lake carriers, the railroads and the coal industry have traditionally opposed the building of the Seaway because of the injury they feared from it. That some of this opposition has tended to die down in recent years is worth nothing. It can be expected that the present monopoly of the Great Lakes shipping business, held by 23 Canadian companies who own and operate the ships now on the Lakes, and known as the Dominion Marine Association, will come to life when the time comes to protect their interests.

The appointment of this Royal Commission came as a result of the Government's decision to build the Seaway. The importance of this Commission is that it is the first public forum at which the division of the expected benefits to be derived from this wider and deeper ditch will be debated. The difficulty facing it will be to keep the line of distinction between arguments favouring the few and those benefitting the many.

ECONOMIC IMPACT OF THE ST.LAWRENCE SEAWAY

The construction of the St. Lawrence Seaway began last August. The expectation is that it will be completed in 1958 or 1959. Thereafter navigation from Fort William to Montreal will be available to a depth of 27 feet. This will mean that sea-going vessels will be able to go on into the continental heart-land of the Great Lakes area, which holds 60% of North America's population and 65% of the continent's manufacturing capacity. It is estimated that the deepened canals will carry some 36 million tons of United States and Canadian freight in 1959, and some 50 million tons in 1962. It will be the equivalent of the combined tonnage now being handled by the harbours of Montreal, Vancouver, Halifax, St. John, Quebec and Toronto. The parade of ships that will go through the Seaway will represent a total traffic almost twice that now passing through the Panama Canal.

The Seaway will so improve navigation as to make interior voyages much less costly than hitherto. The average steaming time between Montreal and Prescott will be reduced, by reason of better and fewer locks and wider and deeper channels, from 60 to less than 24 hours. West of Prescott navigation will be relatively open. The savings that would result from an uninterrupted movement of grain in large bulk carriers from the Head of the Lakes to lower St. Lawrence ports have been estimated by the U.S. Department of Commerce at from 5¢ to 7¢ a bushel.

But it cannot only be regarded as a project chiefly in terms of cheaper freight rates for outbound prairie wheat. It will open up the Quebec-Labrador iron and ore deposits, and will provide a means of getting the new supply of high-grade ores cheaply to interior steel furnaces. It is envisaged that by reducing the cost of shipment on the all-water route by 25%, it will make it possible for Canadian ore to compete with other foreign ores, and the heavy up-bound movement of iron ore might in time reach as much as 20 million tons a year. The National Security Board of the United States estimates that by 1965 a minimum annual import of 25 million tons of iron ore will be required to operate the U.S. steel industry, and by 1975 this figure will rise to 48 million tons or more.

What it will do in time to increase our own steel production is still more important, and the need for it has moved beyond the realm of theoretical speculation.

Canadian 1954 steel production was 3.2 million tons, representing about 70% of our requirements. The balance of 30% was imported. Assuming that we will have a population of 25 millions within the next quarter century, and our per capita consumption rises to the level of present U.S. consumption, the Canadian steel industry will have to triple its size in the next 20 years. The St. Lawrence River, through the deep-water way, may become Canada's Ruhr Valley, and will make this possible.

Moreover, the construction of the Seaway has provided for a power development project in the International Rapids section of the St. Lawrence River, yielding 2,200,000 horse power divided evenly between Canada and the United States. The Great-Lakes - St.Lawrence system, with its drop of over 600 feet, is one of the major power sources of the continent, capable of developing eventually 9 million horse power - two thirds of it Canadian.

When the chapter of the construction history of the St. Lawrence Seaway, and its accompanying power projects, is written, it will not only be cited as the biggest construction job undertaken by this country to date, but will be noted for the impact it will have on our economy. It will no doubt be full of hopes and speculation of how much this cheaper source of transportation will yield in financial return and who will receive the major share of it. Will it be the Canadian people as a whole who paid for this development, or the privileged few? After all, this is what counts in the final analysis.

EXPECTED SAVINGS THROUGH THE SEAWAY

The cost to the Canadian people for building the St. Lawrence Waterway is estimated at 250 millions. The gross saving on the volume of traffic previously mentioned has been officially estimated at approximately 50 million dollars per year. The Hon. Lionel Chevrier, Chairman of the St. Lawrence Seaway Authority, has estimated the savings on grain rates at 6¢ per bushel from the present cost of 16¢ a bushel for shipping grain from Port Arthur and Fort William to Montreal.

In terms of the 330,000,000 bushels of grain shipped by this route in the 1953-54 crop year, that would represent a saving of more than $18,000,000 a year.

The cost of operating and maintaining the Seaway, paying interest at current rates on the funds borrowed, and of amortizing the investment over a period of fifty years, will be around twenty million dollars a year. After deducting the yearly charges from the annual gross saving, a net profit of close to thirty million dollars per year is expected.

Unless in some way restricted by a policy of protection, the Seaway should greatly increase the competition among ships, resulting in greater savings on through and local traffic between the Head of the Lakes and the rest of the world. Just as the Panama Canal profoundly affected water and railway rates, so will this waterway reduce not only shipping charges on the lakes, but railway rates, if competition is allowed to function freely.

Whereas until now, in spite of the inclusion of United Kingdom ships in our coasting traffic, they could not reach the large traffic in the Great Lakes, their position will be greatly altered after the opening of deep-water navigation through the length of the Seaway. It is believed, and with good reason, that if not strangled by protective regulation, it will do away with the alleged monopoly in our coasting trade and stimulate traffic at reduced rates.

After the locks and channels of this, one of the world's greatest trade routes, become a uniform depth of 27 feet, it will revive competition in a keener and more sweeping form than ever before. It will be possible for British and other Commonwealth ships sailing to Montreal to continue inland to the Head of the Lakes. Crossing the Atlantic with cargoes for any major Canadian port, they will be free to engage, all along the route, in Canadian port-to-port traffic. They will be able to carry any kind of cargo, Canadian or international, either inbound or outbound.

However, it seems that powerful interests are already in the field for the purpose of asking for protective legislation against competition. It is reported that they are asking for the exclusion of all non-Canadian ships, including the British, from our coasting trade. If the monopolistic ambition of these interests is not checked, there will be no saving for the people who paid for this project, or, at best, it will exist only in their own imagination.

WILL MONOPOLY BECOME MORE SECURE?

The Interprovincial Farm Union Council believes that the economic benefits made possible by the Seaway in lower rates and faster shipments must be passed on to the Canadian people. But if Canadian lake shipping interests are successful in barring this type of competition in future, it might well be that the transportation savings that are promised by development of the St.Lawrence Seaway may never be realized.

There seems to be two main protectionist drives underway, and if either succeeds the present monopoly of the Great Lakes will not only continue in its present form but will be made more secure than ever before. Apparently the Canadian lake carriers are proposing through the Dominion Marine Association

that the coasting trade of the Great Lakes be reserved for Canadian ships, and that either by direct or indirect means the agreement of 1932 be abrogated, with the result that United Kingdom ships will be placed in the same category as foreign ships. Then it is alleged that Canadian shipbuilders, as distinct from the owners, propose to go even further, by amending the Canadian Shipping Act so that only ships built in Canada can engage in the trade between Canadian ports.

Undoubtedly the railways will, if not directly then indirectly, favour these proposals of curbing competition on the Seaway. In this way the railways would stand to keep their losses from water competition to a minimum.

If the aims of this combination are allowed to succeed, the monopoly of the trio, who appear to be on very pleasant terms, as can be judged from the fact that the water arbitrary has just been eliminated from the east-west freight rates, would not only be continued but made more secure for times to come. All the hopes of obtaining a reduction in transportation cost will practically vanish into thin air. All speculation of who will receive the major portion of the savings will come to an abrupt ending, and the existing suspicion will prove justified.

If the work of this Commission can prevent this from happening, there is definite proof that the completed St.Lawrence Seaway will become one of the cheapest means of transportation in the world and the most beneficial industrial development ever undertaken by the people of Canada. If the Commission cannot prevent it, it may happen that the St.Lawrence Seaway will not profit the western, or the eastern Canadian people for that matter, by one penny.

DEVELOPMENT OF THE HUDSON BAY ROUTE

It is now a matter of history that from the days of early settlement in the prairie provinces the people have clamored for relief from being landlocked and having to pay the long haul freight charges to and from Eastern tide water ports. For many years past Western farm organizations have led an extensive campaign for speedier development of the Hudson Bay Shipping Route, in Canada's largest inland body of salt water.

But, like the building of the St.Lawrence Seaway, the development and greater usage of this deep sea waterway, reaching the very heart of Canada, was directly and indirectly opposed by vested interests. Even the great advancement of prairie agriculture in the last fifty years, providing ever-increasing outgoing shipments, resulting in substantial savings to the producer, could only slowly create some interest in this shipping route. Even the potential industrial development in north-western Canada, which is beginning to reach revolutionary proportions and can be reached more cheaply and speedily by Atlantic ocean traffic via this route, has so far failed to create the necessary interest in Canadian Government circles, to promote and expand the use of this convenient trading route in proportion to its value in our national economy.

This year the Hudson Bay Route celebrates its twenty-fifth Anniversary in export-import commercial shipping, with casualties at a minimum in proportion to the total tonnage handled and the number of ships calling at Port Churchill, thus

successfully disproving the theory formerly held by many people that this waterway was impractical to use for shipping purposes. The average turn-around time for ships carrying wheat and other commodity cargoes to and from British and other European ports during the 1953 season was 5½ days, with Canada's largest inland salt water body of a quarter of a million square miles providing plenty of space to navigate safely.

Although shipping traffic of export and import goods via the Hudson Bay Route and Port Churchill is expected to set a new record in tonnage for the year 1955 navigation season, deplorable inactive conditions exist in coasting trade between this port and other Canadian ports. These conditions, prevailing in an era of industry and much needed shipping, provide abundant evidence that Canada's waterways were badly neglected in past years and that concerted attention for greater expansion, improvement and co-ordination of our coasting trade is long overdue.

It is to be hoped that this Commission, in the search for some realistic solution to our coasting trade problems, will find a practical plan, placing aside any inconsistent suggestions for delayed action or curbing of benefits derived from greater usage of our two deep sea inland waterways - the Hudson Bay Route and the St.Lawrence Seaway - in order to expedite economic tran-shipments to retain Canada's share in world trade and our place in the world market.

RECOMMENDATIONS:

The Interprovincial Farm Union Council therefore urges this Commission, in its study of the coasting trade, to rule and recommend in favor of:-

1) Free access to the St.Lawrence Seaway after its completion by the merchant marines of all nations to encourage through traffic from abroad west to the Head of the Lakes and port to port trade, which no doubt would result in two-way efficient coastal shipping at a minimum cost.

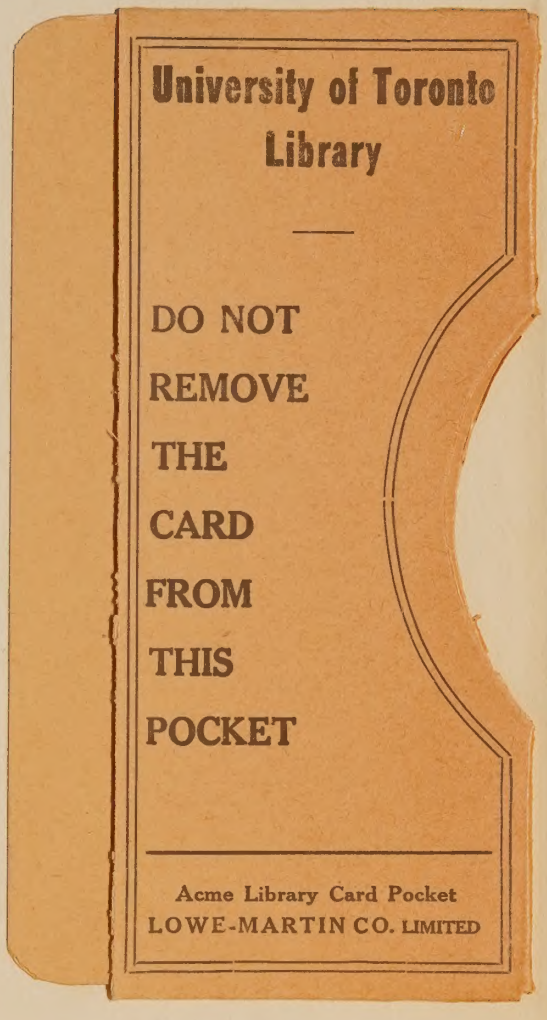
2) Speedy development of Port Churchill and other Hudson Bay ports and any other improvements to facilitate greater use of the Hudson Bay shipping route, to more economically reach the world market upon which Canada so much depends to provide a higher standard of living for her primary producers, and thus strengthen the whole Canadian economy.

3) The establishment of an over-riding transport authority to co-ordinate the work of existing transport bodies for the purpose of integrating all forms of transport to provide the best service possible and set maximum shipping rates, to protect in the future the users of Canadian water and rail transportation against agreed and monopolistic rate charges.

4) Subsidization of the Canadian shipping fleet by the Government at the expense of all taxpayers, if it is considered in the interest of Canada to maintain a shipping fleet that cannot compete on equal terms with those of other countries because of the high living standard or higher cost of operation in this country, rather than run the danger of crippling not only the natural growth of agriculture but the whole expanding national economy of the country.

All of which is respectfully submitted on behalf of the Interprovincial Farm Union Council, representing the Farm Unions of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

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